

"(c) The provisions of this section shall not be applicable with respect to any money or other thing of value payable by an employer to an employee or former employee as compensation for, or by reason of, his services as an employee of such employer, and shall not be applicable with respect to any amounts deducted from the compensation of any employee and paid to a labor organization by an employer in payment of dues or other similar fees payable by such employee to such labor organization.

"(d) Any person who willfully violates any of the provisions of this section shall upon conviction thereof be subject to a fine of not more than \$10,000 or to imprisonment for not more than 6 months, or both.

"(e) The district courts of the United States and the United States courts of the Territories and possessions shall have jurisdiction, for cause shown, and subject to the provisions of section 17 (relating to notice to opposite party) of the act entitled 'An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes,' approved October 15, 1914, as amended (U. S. C., 1940 ed., title 28, sec. 381), to restrain violations of this section, notwithstanding the provisions of sections 6 and 20 of such act of October 15, 1914, as amended, and the provisions of the act entitled 'An act to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes,' approved March 23, 1932.

"(f) As used in this section—

"(1) 'commerce' means trade, traffic, commerce, transportation, or communication among the several States, or between the District of Columbia or any Territory of the United States and any State or other Territory, or between any foreign country and any State, Territory, or the District of Columbia, or within the District of Columbia or any Territory, or between points in the same State but through any other State or any Territory or the District of Columbia or any foreign country.

"(2) 'goods' means goods, wares, products, commodities, merchandise, or articles or subjects of commerce of any character, or any part or ingredient thereof.

"(3) 'produced' means produced, manufactured, mined, handled, or in any other manner worked on in any State, Territory, or the District of Columbia; and for the purposes of this section an employee shall be deemed to have been engaged in the production of goods if such employee was employed in producing, manufacturing, mining, handling, transporting, or in any other manner working on such goods, or in any process or occupation necessary to the production thereof, in any State, Territory, or the District of Columbia.

"(4) 'representative' means any individual who or organization which is authorized or purports to be authorized to deal with an employer, on behalf of two or more of his employees, concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work."

Mr. ELLENDER. Mr. President, I understand that the Senate is about to recess, and I do not wish to further indulge on the patience of Senators. I have much more I could say. I will reserve my further views pending future developments. It is my hope that Congress will take action at once so as to prevent the imposition of a tribute in favor of any organization, as is now being sought by Mr. Lewis. Should coal operators accede to the payment of an excise tax supposedly for the purpose of safeguarding the health of miners, I can visualize a pernicious system which will be destructive of our cherished freedom. It is my belief that the payment of such

tribute to a few overlords of labor, particularly of the John L. Lewis type, would lead, I repeat, to the destruction of our form of government by giving to them a power greater than that of a Caesar and more dangerous than that of a Hitler.

#### PROPOSED LOAN TO GREAT BRITAIN

The Senate resumed consideration of the joint resolution (S. J. Res. 138) to implement further the purposes of the Bretton Woods Agreements Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Arizona [Mr. McFARLAND].

Mr. BALL. Mr. President, under rule XXII of the Senate, I wish to file a motion to bring to a close debate on the pending joint resolution.

I desire to make a brief statement. Two Senators, the Senator from West Virginia [Mr. KILGORE] and the Senator from California [Mr. KNOWLAND], have requested that their names be added to this motion, but I understand that under the precedents of the Senate, Senators must sign in person, so I cannot ask to add their names.

One Senator who signed the motion yesterday, the Senator from Oregon [Mr. CORDON], asked me to delete his name, because he did not want the closure to apply to the point of order which it is reported the Senator from Colorado [Mr. JOHNSON] may raise to the joint resolution.

The PRESIDING OFFICER. The rule requires that the Presiding Officer shall at once state the motion to the Senate. The motion is as follows:

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon the resolution (S. J. Res. 138) entitled "Joint resolution to implement further the purposes of the Bretton Woods Agreements Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes."

JOSEPH BALL, H. ALEXANDER SMITH, WARREN R. AUSTIN, ALEXANDER WILEY, THOS. C. HART, CHAN GURNEY, LEVERETT SALTONSTALL, HOMER FERGUSON, WAYNE MORSE, CLAUDE PEPPER, GLEN TAYLOR, THEODORE FRANCIS GREEN, J. W. FULBRIGHT, SHERIDAN DOWNEY, ROBERT F. WAGNER, JAS. M. MEAD, WARREN G. MAGNUSON, SCOTT W. LUCAS, CARL A. HATCH, FRANCIS J. MYERS, BRIEN McMAHON.

#### Rule XXII requires that—

The Presiding Officer shall at once state the motion to the Senate, and 1 hour after the Senate meets on the following calendar day but one, he shall lay the motion before the Senate.

Mr. BARKLEY. Mr. President, I understand that under the rule the vote on the motion will be had at 1 o'clock on Tuesday next, Sunday not being counted as a calendar day.

The PRESIDING OFFICER. Sunday is not a calendar day. The rule provides that:

One hour after the Senate meets on the following calendar day but one, he shall lay the motion before the Senate.

Mr. BARKLEY. Assuming that the Senate meets on Monday, then the vote would occur on the motion at 1 o'clock on Tuesday, assuming that the Senate meets at 12 o'clock on Tuesday.

The PRESIDING OFFICER. As the Chair understands, that is a correct statement.

Mr. TAFT. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. TAFT. Does the Chair take the position that Sunday is not a calendar day?

The PRESIDING OFFICER. The Chair is so advised.

#### RECESS TO MONDAY

Mr. BARKLEY. Mr. President, in view of the filing of the motion to close debate, which cannot be voted on until Tuesday, I see no particular purpose in prolonging the session today; and, there being no Executive Calendar, I therefore move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 2 o'clock and 16 minutes p. m.) the Senate took a recess until Monday, May 6, 1946, at 12 o'clock meridian.

## SENATE

MONDAY, MAY 6, 1946

(Legislative day of Tuesday, March 5, 1946)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Almighty and everlasting God—  
"The busy tribes of flesh and blood,  
With all their cares and fears,  
Are carried downward with the flood  
And lost in following years";

but Thy eternity outlasts all worlds; before Thee the nations are as the dust of the balance. Yet swiftly passing as is our brief stay here Thou deignest to use us with all our blots and blemishes as the channels for Thy surging purpose for a redeemed earth, freed from the blight of hate, fit for the habitation of all Thy children.

As servants of the people, may we be the agents of Thy will and Thy kingdom, that Thy will may be done and Thy kingdom come, as it is in heaven so on the earth. In the dear Redeemer's name. Amen.

#### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Saturday, May 4, 1946, was dispensed with, and the Journal was approved.

#### MESSAGES FROM THE PRESIDENT— APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the

President had approved and signed the act (S. 1757) to amend the Surplus Property Act of 1944 with reference to veterans' preference, and for other purposes.

**MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED**

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore:

S. 842. An act for the relief of the Elmira Area Soaring Corporation; and

S. 2101. An act to amend the Trading With the Enemy Act, as amended, to permit shipment of relief supplies.

**INTER-AMERICAN MILITARY COOPERATION—MESSAGE FROM THE PRESIDENT**

The ACTING PRESIDENT pro tempore laid before the Senate a message from the President of the United States, which was read, and, with the accompanying paper, referred to the Committee on Foreign Relations, and ordered to be printed.

(For President's message, see today's proceedings of the House of Representatives on p. 4518.)

**PETITION**

Mr. GREEN presented a joint resolution of the General Assembly of the State of Rhode Island, which was referred to the Committee on Foreign Relations:

Joint resolution requesting the President of the United States of America, the Secretary of State of the United States, the Director General of the United Nations Relief and Rehabilitation Administration, and the Senators and Representatives from Rhode Island in the Congress of the United States, to use every effort to prevent the reduction of the daily bread ration in Italy and to endeavor to devise means to supply that country with larger shipments of wheat and flour

Whereas we have been told that interested Government agencies and the United Nations Relief and Rehabilitation Administration in Washington are considering reduction of the daily bread ration in Italy to 150 grams, which will mean starvation for the Italian people; and

Whereas the present ration there of 200 grams is the lowest of any European country receiving the assistance of the United States of America; and

Whereas such contemplated reduction should be ruled out and instead extraordinary means devised to supply Italy with larger shipments of wheat and flour; and

Whereas we recall that the late President Roosevelt solemnly promised a minimum ration of 300 grams of bread to Italy; and

Whereas denutrition, hunger, and diseases are claiming a large toll among masses of people and further reduction of the present low bread ration will aggravate already tragic conditions and increase social unrest in Italy: Now, therefore, be it

*Resolved*, That no effort be spared to afford the Italian people in Italy a livable daily bread ration and that the President of the United States of America, the Secretary of State of the United States, the Director General of the United Nations Relief and Rehabilitation Administration and the Senators and Representatives from Rhode Island in the Congress of the United States be, and they are, earnestly requested to use every

effort not only to prevent the reduction of the daily bread ration in Italy but to endeavor to devise means to supply that country with larger shipments of wheat and flour; and be it further

*Resolved*, That duly certified copies of this resolution be transmitted by the secretary of state of Rhode Island to the President of the United States of America, the Secretary of State of the United States, the Director General of the United Nations Relief and Rehabilitation Administration, and the Senators and Representatives from Rhode Island in the Congress of the United States.

**COLUMBIA VALLEY AUTHORITY**

Mr. CORDON. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD a resolution adopted by the La Grande Farm Bureau, La Grande, Oreg., relating to the Columbia Valley Authority.

There being no objection, the resolution was received, referred to the Committee on Commerce, and ordered to be printed in the RECORD, as follows:

Whereas the development of the resources of the Columbia Basin has a direct bearing on the life and prosperity of the people living within that basin; and

Whereas the people living within the Columbia Basin are entitled to be represented on any commission or other group created to direct and control the development of the Columbia River and its tributaries; and

Whereas the present bills pending before Congress creating a Columbia Valley Authority would vest complete control over the development of the Columbia Basin in a small commission under the Federal Government and without the States involved, or the people residing in said basin having any representation thereon: Now, therefore, be it

*Resolved by the La Grande Farm Bureau*, That we object to the bills as now pending before Congress for the creation of a Columbia Valley Authority by reason of the concentration of power as hereinbefore set forth; and be it further

*Resolved*, That we urge our Representatives and Senators in Congress to vote against said measures, and to work for the introduction of a bill or measure that would vest the control of the Columbia Valley Basin in a commission that would have representatives from the States involved as members thereof. We feel that a commission so constituted is the only way that the people of this area can have a voice in the development of the resources of the whole basin.

Further, that copies of this resolution be mailed to the Senators and Representatives from Oregon.

Approved and adopted April 18, 1946.

RENWICK A. CLARK,  
President.

**ALLEGED SELECTIVE-SERVICE DRAFT ABUSES**

Mr. WALSH. Mr. President, recently I received a letter from one of the selective-service draft boards in one of the communities in Massachusetts. I was amazed to learn of a certain practice alleged to be in operation at one of the induction stations in Massachusetts. Perhaps it has become Nation-wide. The writer states:

We refer to our April inducted group, whereby 18-year-old youths who were inducted by this local board were assigned to the Army of the United States and then discharged immediately from the Army of the United States to enlist in the Regular Army.

Furthermore the writer adds:

We have had several telephone calls from the parents of these youths requesting information on this procedure and they have informed us they considered it their personal privilege, due to their sons' ages, to discuss this matter with them prior to their being inducted, especially in view of the fact their sons had every opportunity to enlist in the Regular Army, if they desired to do so, prior to their receipt of their order to report for induction. The members of this local board unanimously endorse the parents' attitude in this matter.

I ask that this letter be printed in the RECORD, be treated in the nature of a petition, and referred to the Committee on Military Affairs for attention and investigation.

There being no objection, the letter was received, referred to the Committee on Military Affairs, and ordered to be printed in the RECORD, as follows:

SELECTIVE SERVICE SYSTEM,  
LOCAL BOARD NO. 56,  
SUPERIOR COURT HOUSE,  
Dedham, Norfolk County, Mass.,  
April 30, 1946.

Senator DAVID I. WALSH,  
Washington, D. C.

DEAR SENATOR WALSH: The members of this local board voted unanimously at their meeting held April 26, 1946, not to forward any registrants of this local board for induction during the month of May. This action taken after serious consideration and due to the fact it is quite evident to the members of this local board the Members of Congress are in an uncertain frame of mind as to what they are going to do in regard to conscription.

We also wish to state at this time we are definitely opposed to the practice which we understand now is in operation at the Fort Banks induction station. We refer to our April inducted group whereby 18-year-old youths who were inducted by this local board were assigned to Army of the United States and then discharged immediately from the Army of the United States to enlist in the Regular Army.

We have had several telephone calls from the parents of these youths requesting information on this procedure and they have informed us they considered it their personal privilege, due to their sons' ages, to discuss this matter with them prior to their being inducted, especially in view of the fact their sons had every opportunity to enlist in the Regular Army, if they desired to do so, prior to their receipt of their order to report for induction. The members of this local board unanimously endorse the parents' attitude in this matter.

Members of local boards throughout the country have served loyally and conscientiously to preserve American tradition and have won the confidence and cooperation of the registrants and their families in their respective communities. We cannot now violate this trust simply because Members of Congress seem reluctant at this time to take definite action.

Yours very truly,  
PATRICK B. CARR,  
Acting Chairman, Local Board No. 56.

**BILLS INTRODUCED**

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GEORGE:

S. 2153. A bill to contribute to the effective maintenance of international peace and security pursuant to the objectives and principles of the United Nations, to provide for



military cooperation of the American States in the light of their international undertakings, and for other purposes; to the Committee on Foreign Relations.

By Mr. SALTONSTALL:

S. 2154. A bill for the relief of Howard Samuel Warnock; to the Committee on Claims.

By Mr. DOWNEY:

S. 2155. A bill for the relief of Robert B. Jones; to the Committee on Claims.

S. 2156. A bill for the relief of Mrs. Amelia Shidzee Nagamine Toneman; to the Committee on Immigration.

#### SALARIES OF OFFICERS OF INTERNATIONAL MONETARY FUND AND INTERNATIONAL BANK

Mr. BUTLER. Mr. President, the second meeting of the International Monetary Fund of the International Bank for Reconstruction and Development opens this week. At the first meeting, held at Savannah in March, directors of the fund and bank were elected. The salaries of the executives were also agreed upon.

Now the fund and bank directors are anxious to set up offices and begin operations. There is good reason why these men should be so willing to get down to work. Not only are the duties pressing, but their salaries are sufficiently attractive to make any man eager to devote his life to international finance.

Here are the salaries which were established: The managing director of the fund and the president of the bank are each to get \$30,000 a year, after taxes. The fund is to pay, in addition, "any reasonable expenses incurred by the managing director in the interest of the fund." On top of that, the fund is to reimburse the managing director for traveling expenses for himself, and for his family, and his personal effects in moving to the seat of the fund before his term of office and in moving away after his term of office.

In the United States a married man with two children must have an income of nearly \$60,000 a year in order to have \$30,000 after taxes. In any other country the gross salary must be much more. I think \$60,000 a year is a worth-while salary.

The directors of the fund and bank, both appointed and elected, are to receive \$17,000 a year after taxes. Here again, the fund is to reimburse each director for "reasonable" expenses, when he is on designated service away from the seat of the fund. The fund, too, is to pay traveling expenses of each director and his family and his personal effects. A married man with two dependents must earn about \$25,000 in this country to net \$17,000 after taxes.

Each director of the fund and of the bank appoints an alternate who is to act for him when he is not present, and who is to receive \$11,500 a year, tax free. Expenses for which directors are reimbursed are also allowed alternates. In order to have \$11,500 after taxes a married man with two dependents, living in the United States, must earn about \$14,000. In many other countries he would have to earn two or three times that in order to retain \$11,500 after paying his personal income taxes.

These salaries compare most favorably with those earned by United States Government executives. The President himself with a salary of \$75,000 receives little more than the managing director of the fund. Our Supreme Court Justices receive \$20,000 a year, which, after taxes, yields less than an executive director's income.

A director of the fund is to receive twice the net income of RFC Board members. The Reconstruction Finance Corporation handles many billions of dollars more than the fund and bank will manage. Yet, fund directors will have the equivalent of \$25,000 before taxes, whereas board members of RFC get \$10,000 a year.

Here is another comparison. The General of the Army, charged with all his wartime responsibilities, received a salary of \$8,000 on which he paid taxes.

When we look at the incomes of officials in other countries the exorbitance of these salaries becomes more apparent. An article in a recent issue of the Commercial and Financial Chronicle stated:

Whereas in this country a married man with two dependents needs a before-taxes income of at least \$25,000 if he is to have left \$17,000 after taxes, in Britain such a man would need a before-taxes earned income of about \$80,000 so as to net \$17,000. In Czechoslovakia the highest-paid cabinet member draws, with all allowances, only \$5,600 gross, and has to pay much heavier taxes than those levied in this country. India's executive director of the fund will earn considerably more after taxes than the Governor of the Reserve Bank of India who selected him for the fund job.

The driving force to establish this salary scale was Mr. Harry White, supported by Mr. Vinson. Mr. White argued that Wall Street bank salaries would attract good men away from the fund and bank unless high salaries were offered. Harry White's competence at imposing his viewpoint upon others is well known and almost unexcelled. And here he campaigned exceptionally well in his own behalf since he is an executive director.

This good-men argument is particularly specious. The argument does not stand up under analysis. Presumably, Harry White has been a premium worker for years and still is, since he is not attracted by Wall Street salaries. Are we to understand that the men who direct the Reconstruction Finance Corporation or the Federal Reserve banks are not good men? It would be interesting to know just how many men the administration considered before deciding that Harry White was best qualified to be an executive director. Then too, I cannot believe that the many small countries which have so much to gain from the Bretton Woods plan would have appointed any second-best directors, or sent them as delegates to the Savannah meeting.

There was practically no opposition to Mr. White's scheme. The reason for this lack is readily understood. As one correspondent, Mr. Herbert Bratter, has said:

Various foreign delegates with whom the writer discussed the subject of salaries shared

the (opposing) British view, but—since their governments expect to apply for dollar loans—they did not dare to raise their voice against the American proposals.

Only the British were outspoken on this issue. After consulting the Chancellor of the Exchequer, Lord Keynes made this report to the delegates at Savannah:

We feel that it would lead to severe and well-justified public criticism to load the budgets of these new bodies with such high emoluments for so large a body of officials. It is all the worse at a time before we have even begun to consider the costs of their actual staffs, who will, we hope, be mainly responsible for the burden of daily business, and when the available income for such expenditure is still uncertain.

If we had foreseen at Bretton Woods what was going to happen . . . we should certainly have proposed that the remuneration of the executive directors and their alternates, who, as distinct from the staff, are national delegates, should be provided or shared by the governments appointing or electing them and not by the institutions themselves. This would have allowed the necessary elasticity for adjustment to the widely differing levels of official salaries in different countries. Unfortunately, that course was not followed. The difficulty facing us has been greatly increased by the decision to provide for whole-time service by directors, a decision which we believe to be inconsistent with the best efficiency of the institutions; and still further aggravated through the wholly unexpected provision for whole-time services by alternates, not merely in the absence of their principals, but in addition to them. Nor do we believe that most countries can wisely spare from their own pressing problems the services of so many individuals of the caliber indicated.

In our view so large a body of persons cannot properly be remunerated on the very high level proposed, which equals or greatly exceeds the highest remuneration available in most countries for public service.

My country feels, therefore, that they cannot share in any way the responsibility of this decision.

The insidiousness of Mr. White's new plan becomes more obvious when we remember that he was confirmed by Congress as executive director of the Fund before he went to Savannah. Congress confirmed Mr. White without ever knowing the salary scale of the International Fund and Bank. Without being informed of what we were doing, we left it to Mr. White, with all the pressure of the Treasury Department behind him, to fix his own salary. He did this with lavish generosity. Confirmed and secure in the position, he proceeded to feather his nest. He did a good job. As Assistant Secretary of the Treasury, Harry White's income was \$9,800, subject to all United States taxes. Now, he has more than a hundred percent increase in income, tax-free.

According to Newsweek magazine, Mr. White also plans to do a good job for his friends. Newsweek reports that Mr. Ansel Luxford and Mr. E. M. Bernstein—Mr. White's coworkers at the Treasury—are also slated for lucrative jobs with the International Fund or Bank. Those who remember the Bretton Woods hearings in the House and Senate will recall

that Luxford and Bernstein were the chief Treasury propagandists in the campaign to put over the Bretton Woods proposals. Mr. Luxford even sat here on the floor of the Senate, beside the chairman of the Banking and Currency Committee, until the Bretton Woods plan was safely written into law. Now, I take it, he is to get his reward.

Mr. President, the Bretton Woods articles of agreement state that:

The Board of Governors shall determine the remuneration to be paid to the executive directors—

Before this Board was even set up to act, Mr. White drove through this fancy salary schedule over the protest of that late international spender of American money, Lord Keynes. Even Keynes could not swallow such a salary grab. But Harry White was taking no chances. When the Board of Governors meet this week, they will have before them the salary schedule fixed up by Mr. White. It will have behind it all the prestige of the American Treasury acting through Mr. White and his friends. Since the United States puts up most of the real money behind the Fund and Bank—which other nations want to borrow—the Board of Governors are not going to question Mr. White's liberal salary schedules. That would not be the way to build up their own good will for the time when they will need Mr. White's influence for their loans.

The total cost of these salaries is nearly \$750,000 a year tax free. Fifty full-time positions are to be filled. This does not include the cost of a supporting staff, which will run several hundred thousand dollars more. It does not include all other costs of maintaining the Fund and Bank.

Mr. LANGER. Mr. President—

The ACTING PRESIDENT pro tempore (Mr. HATCH). Does the Senator from Nebraska yield to the Senator from North Dakota?

Mr. BUTLER. I yield.

Mr. LANGER. How much is White's salary before taxes?

Mr. BUTLER. It is provided that his salary shall be \$17,000, tax free, which would mean about \$30,000, I think, in round figures, if he had to pay taxes. In addition to that, it is provided that all expenses shall be paid.

The American people will be paying the bulk of these salaries and costs, just as we are now practically paying Great Britain's share of the fund and bank through the pending loan proposal. And once this international salary grab gets established, there is little that Congress or the American people can do about it, especially when our own delegates write their own salary tickets, as Mr. White and his friends have done at Savannah. Even the British could do nothing about it, as we can see by the failure of their protest.

Mr. President, what are we getting into here? Is this lavish international lending and spending of the United States going to put another layer of irresponsible Government agencies on top of those which are now dominating the American people at home? Are we heading for an international treasury at the expense,

but beyond the control, of the American people? Will this be followed by an international OPA, an international WPA, and other irresponsible bureaus financed with the money of the American taxpayer?

When these outrageous salaries were set at Savannah, very little appeared in the press about them. The news coming from that meeting was very meager. It is in keeping with the prevailing tendency of administration officials who spread plenty of glittering generalities about the beauties of international co-operation and one world, while their real operations are carried on behind the dark curtain. We have had this same reluctance to give us full information in the pending case of the British loan. So far as the American people are concerned, this is the same old policy of "keep them sweet and tell them nothing."

Mr. President, the Board of Governors of the fund and bank are going to meet this week. I earnestly hope they will not blindly—or through pressure—approve this White—or black—salary schedule. Before this meeting takes place, I hope Senators, the newspapers, and the people of this country will express their opinion in no uncertain terms that salary rackets like these may go far to discredit international organizations in the eyes of our people at the very moment when we need to build up our faith in world co-operation.

#### DISPOSAL OF SURPLUS ELECTRONICS EQUIPMENT

Mr. WILEY. Mr. President, on no fewer than four previous occasions, I have commented on the floor of the Senate on the failure of the War Assets Administration properly to dispose of surplus electronic and communications equipment in the manner intended by Congress when it enacted the surplus property law.

I shall continue to draw attention to this failure until the charges which I have made are satisfactorily answered and corrected by WAA.

The importance of this subject is underlined by the current investigation of the Senate Judiciary Committee into the sale of radar equipment to foreign powers. Electronic and communications equipment is, of course, the heart of future national defense and security of America. That is why our schools must receive electronic surplus, as Congress intended, in order that our young scientists may be adequately trained in our Nation's colleges and universities.

Last Friday, May 3, in response to my earlier communication of April 15 to General Gregory, I received a letter from the general. In it he purported to answer charges and questions which I had specified in the earlier letter and in an additional letter of mine of April 2.

In the letter received May 3, General Gregory revealed the astounding fact that he is setting aside 20 percent of electronic equipment for priority claimants, including veterans and educational institutions. Yet at the very time General Gregory had ordered this arbitrary set-aside, the President of the United States was signing a law by which veterans and

schools would be entitled to receive up to and including 100 percent of surplus property if they so desired and before nonpriority claimants could even be allowed to acquire this surplus.

In view of this shocking situation and in view of the serious abuses inherent in the manufacturer-agent system by which WAA disposes of surplus, I sent an additional letter to General Gregory last Saturday, May 4.

I ask that the text of General Gregory's letter of May 2 and the text of my letter of May 4 be inserted at this point in the CONGRESSIONAL RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

WAR ASSETS ADMINISTRATION,  
Washington, D. C., May 2, 1946.

HON. ALEXANDER WILEY,  
United States Senate,  
Washington, D. C.

DEAR SENATOR WILEY: Reference is made to your letter of April 15, in which you propose certain courses of action in behalf of veterans and educational institutions in the disposal of surplus radio and radar equipment and supplies.

Representatives from our Veterans' Service Division and the office of the Director of Capital and Producer Goods Disposal have been, and are still, screening all declarations from the armed forces to determine items which can be used by the colleges and schools of the country and those items most frequently requested by veterans. We are in the process of separating the items which can be used by educational institutions into one group for donation and a second group which has commercial value but which can be sold to schools at special prices commensurate to the public benefit which will accrue from their use by such institutions. This screening operation in the Washington office allows the exercise of priorities prior to shipment of the material to dealer-agents. The material in the possession of the dealer-agent is also subject to priority claimants' requests.

Our review of records discloses that 96 percent of the requests from veterans for electronic items call for small-type testing units. Inventory records contain extremely few of this type of item. The Navy advises us that it does not have enough small testing apparatus to fill its own requirements for laboratory and training program use, and the Army states that it has been necessary to award a new contract for the manufacture of needed testing units. In view of this veteran demand, which is confined to items in extremely short supply, it appears that a freezing of all surplus electronic equipment would be an unnecessary delay of the total program.

Several representatives of WAA are now in the field reviewing sales records of dealer-agents to determine rate of sales and suitability of items on hand for veteran and educational institutions. These representatives are scheduled to return to Washington during the week of April 29. Very soon after their report we will activate our program with the educational institutions and make other changes in electronic material disposal methods which will benefit all priority claimants.

I feel sure that you realize that our staff has been engaged in overhauling many former disposal practices, merging three formerly independent organizations and preparing procedures to implement the O'Mahoney-Manasco amendment and that all goals cannot be attained as promptly as we had hoped.

Several of the Signal Corps Depots have sent their declarations directly to representatives of the Washington office who had been



sent to appropriate regional offices for the purpose of processing documents in the field. This procedure was used only in cases where the electronic material was stored in locations that had to be vacated promptly. To expedite the movement of the materials prior to the termination of leases or for other emergency reasons the items were turned over directly to dealer-agents. Priority rights are preserved by the dealer-agents who are instructed to hold for priority claimants 20 percent of all salable items.

I want to assure you that every possible effort is being made to improve our program for the equitable and efficient disposal of surplus electronic materials in a manner satisfactory to the Congress, the priority claimant, and to me.

Sincerely yours,

E. B. GREGORY,  
Administrator.

UNITED STATES SENATE,  
COMMITTEE ON THE JUDICIARY,  
May 4, 1946.

Lt. Gen. E. B. GREGORY,  
Administrator, War Assets Administration,  
Washington, D. C.

DEAR GENERAL GREGORY: I am in receipt of your letter of May 2, 1946, in response to my communication of April 15, 1946, regarding the acquisition by veterans and educational institutions of surplus electronic and communications equipment.

Although I hesitate to pursue the various points which I have raised in my earlier letters, I humbly but firmly feel that:

- (1) These points have not been satisfied;
- (2) There are seeming inconsistencies in your reply; and
- (3) The subject is of such crucial importance to the national defense as to merit continued attention.

I need not tell you of the paramount importance of adequate training of young scientists, including veterans, in the Nation's colleges, universities, and other educational institutions. Our country is lagging far behind in building up a reservoir of skilled young scientific personnel to offset the short-sighted application of the Selective Service Act in drafting and improperly utilizing during the war so much of our young scientific manpower—something which was not done, I understand, either by our allies or by our enemies.

We both recognize that:

- (1) Our country is at present in a crisis of national defense and security.
  - (2) We must have an all-out program of preparedness against all future military emergencies, possibly involving atomic and guided-missile attacks upon us.
  - (3) Electronics is the heart of the Nation's defense and productive effort of the future.
- These facts, then, serve to underline and emphasize the importance to which I attach all that follows and all that has preceded in my correspondence with you.

I would like to make three specific points:

- (1) The failure of WAA to fulfill the donation provision of the surplus law.
- (2) The seeming illegal and arbitrary reserve of only 20 percent set aside for all priority claimants.
- (3) The scandalous defects of the manufacturer-agent system of surplus disposal.

#### I

Generally speaking, in spite of publicity statements made by WAA, I am unable to confirm by any reliable source that a single gift of electronics equipment, as such, has been made by War Assets Administration to any class of priority claimants. Yet, the surplus property law in section 13 (b) makes specific provision for such donations.

#### II

I have diligently studied the surplus property law and am unable to find any provision therein which limits the acquisition of pri-

ority claimants to 20 percent of surplus electronic and communications equipment which you state in your letter of May 2 you have reserved for such claimants. Indeed I find your statement to this effect shocking in view of the fact that on the very day when the priority amendment of the surplus law was signed by President Truman (which in fact strengthens the position of priority claimants) telegrams were released by WAA to the manufacturer agents who handle surplus electronic equipment, directing them to reserve only 20 percent of such material for the needs of priority claimants.

I refer you to sections 12, 13, and 16 of Public Law 457 of the Seventy-eighth Congress, second session, which unequivocally state or imply that "priority" and "preference" signify a favored class of purchasers whose needs for surplus material shall be satisfied to their full extent up to and including 100 percent, if necessary, before non-priority purchasers may acquire this material.

Obviously, your creation of a one-out-of-five status for the priority claimants results in a most distressing prejudice against them in further violating, I believe, the letter and the spirit of the surplus property law.

May I respectfully call your attention, General, to section 2 of the surplus property law which states some 20 objectives which are to be attained in the administration of this statute. Subsection (d) of section 2 states that one of these objectives is "to discourage monopolistic practices and to strengthen and preserve the competitive position of small business . . . ." Moreover, subsection (1) states that it is the purpose of this act "to effect broad and equitable distribution of surplus property." But a ratio of 4 to 1 against priority claimants makes for a monopoly in favor of your manufacturer agents whose operations are speculative within the meaning of subsection (h) of section 2, "to assure the sale of surplus property in quantities and on such terms as will discourage disposal to speculators or for speculative purposes."

Even if I were convinced that the acts of screening, pricing, etc., which are described in your letter, are as you state, all of these operations would be infected with a basic injustice. This injustice results from administering the law on the basis of allowing all preferred claimants a mere 20 percent of the surplus electronic and communications equipment.

May I ask directly by what authority in the law you have established this 20 percent basis for meeting the claims of all priority claimants? I can find no such statutory authority, for if it did exist, it would nullify the mandatory purposes of the law. If the 20-percent reserve results from a WAA regulation, your attention is drawn to section 13 of the law which provides regulations which implement the mandatory purposes of the law stated in section 2.

#### III

I should like to make a few comments regarding the present system of surplus distribution by manufacturer agents on a 10 percent commission plus all expenses. It seems that the operation of this system of indirect and costly distribution results in the recovery for the United States Government of only a pitiful fraction of the inherent value of the surplus because of such expenses as transportation, handling, storage, accounting, sales, and overhead, which may amount to untold millions of dollars. Much of this expense loss might be saved to the taxpayers if there were a system of direct distribution from the depots to the claimants and consumers.

I am reliably informed of one particular instance in which a manufacturer agent, having sold \$130 worth of material in 1 month, submitted an expense account for

approximately \$13,000 for that period, and of course, received a 10-percent cut on the \$130 sale. It would seem possible that monthly expense claim could be submitted by manufacturer agents for payment, although they may not have made a single sale during the current month for which these expenses were claimed. In other words, this method of manufacturer agent operation is an invitation and a temptation to unload upon the Government the expenses of these agents' private reconversion programs by lumping their private expenses into their claims for sales service allegedly on behalf of the Government. This system thus involves the wholesale and unnecessary subsidization to a very small segment of private manufacturers by government funds.

The President of the United States has recently deplored what he described as selfish acts on the part of a few against the many. This manufacturer agent system, I believe, is a glaring instance wherein private greed of a few is violating and thwarting the public need of the many.

I believe that it is imperative that the abuses which are inherent in the manufacturer agent system be eliminated in the interest of our Government and our people.

It is requested now that I be furnished with sample copies of contracts made by WAA with manufacturer agents for electronic disposal. I also ask for a list of manufacturer agents throughout the country who have a current inventory of this surplus material, the declared value of which is in excess of \$5,000,000. I also ask for the estimated current value of such inventories.

In closing, may I reaffirm that all of the above is submitted to you in a spirit of constructive assistance on behalf of the fulfillment of the law.

Looking forward to hearing from you, I remain

Respectfully yours,

ALEXANDER WILEY.

Mr. WILEY. I may also note that in view of the above charges which I have made, I have addressed copies of this correspondence to the Attorney General and asked that he investigate the matter for purposes of protection of the best interests of the United States.

#### OPA AND THE PROBLEM OF PRODUCTION

Mr. President, I desire now to refer to another subject. On a number of occasions I have spoken on what I have said was the inability of OPA to sense what the appropriate remedy should be for the lack of production. We know that certain basic American industries have had no reconversion problems. Yet 8 months after VJ-day the products of these manufacturers are not available. Sometimes I wonder if this is the result of mere dumbness on the part of OPA or whether there is some sinister influence back of it.

The evil genius of OPA was illustrated by me recently on the floor of the Senate when I exhibited three aluminum pans and called attention to the unjust discrimination that existed. The situation to which I called attention, as illustrated by the three aluminum pans, is apparent in practically all the necessities of life. Why cannot our people get towels, sheets, pillowcases? Whipping cream becomes butter in our kitchens—not in mine, but in a good many of them—at \$1.50 a pound. Why is it? I think the answer is very plain. What the answer is was demonstrated by my exhibition of the aluminum pans, on which occasion I "panned" the OPA.

I ask unanimous consent that there be printed in the RECORD following my remarks an editorial which appeared in the Milwaukee Journal of May 3, 1946. This editorial endorses the position which I have taken on the floor of the Senate to this effect: That OPA has pursued an absurd and arbitrary policy of pricing which has in numerous cases discriminated against old-line manufacturers in favor of new manufacturers. I ask that this editorial be printed in the RECORD not because it endorses my position on this subject but because it represents the sentiments of a major newspaper in my State, and I believe the sentiments of an overwhelming number of my constituents.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### SENATOR WILEY'S FRYING PANS

OPA price-fixing policies have frequently resulted in permitting a new manufacturer to charge higher prices than an old-established firm for practically identical articles. There has been much wholly justified criticism of this, but it remained for our own Senator WILEY to make for his colleagues a really graphic demonstration of the evil.

Mr. WILEY recently appeared in the Senate with three aluminum frying pans. Two were practically identical. One was made by an old reliable manufacturer; its ceiling price was \$1.20. The other was made by a newcomer; its ceiling was \$2.50. The third pan was made by the old-timer. It was much superior to either of the others, but its ceiling price was only \$1.98.

The newcomer in the frying-pan field is, of course, turning out pans in quantity. The public, which needs these utensils, is taking all he can produce. The old-timer is also making some pans and selling them at the low price allowed him, but his margin is too small to encourage him to maximum output in the face of a hundred and one problems.

The result is that the public is paying more than it should for its frying pans, an old-established business is languishing, and a newcomer is gouging the consumer. The average price of the pans to the consumer is probably about \$2, whereas, if the established maker were given a little more and the newcomer were limited to the same amount the general price might well be around \$1.50.

What the OPA apparently cannot see is that its present policy of setting up different standards for those with previous manufacturing experience and those without such experience is, in effect, creating a sort of authorized black market within many industries. The policy is making it possible for newcomers to market, for example, radios at \$30 which are no different from receivers the established manufacturers may have to sell at \$25. The old makers cannot do business under such restrictions, so the market goes to the new and frequently irresponsible entrepreneur.

Senator WILEY's frying pans made the essential facts more graphic than a hundred pages of figures and arguments. The country owes him thanks for a job well done.

#### THE COAL STRIKE

Mr. LUCAS. Mr. President, on Saturday last the Senator from Illinois discussed at some length the coal strike as it now exists in this Nation. At the same time the President of the United States was giving to the country a somewhat detailed report of exactly what was happening throughout the Nation as a result of the present coal crisis. In that

statement the President of the United States called the coal strike a national disaster, and released to the public an industry-by-industry appraisal of its impact. I commend the President and the Office of War Mobilization and Reconversion for collecting those facts and for presenting them to the American people.

It occurred to me that perhaps the Senate and the country ought to know just what is going on in the State of Illinois as a result of the present conditions. Over the weekend I attempted to obtain some factual information which would bring this picture to the Senate and the country, and show the desperate conditions which exist in my State due to the lack of coal. For example, I read in the Chicago Sunday Times, of May 5, 1946, this kind of a story:

#### CITY'S FUTURE IS COAL BLACK

When you turn on the light switches in your home next Thursday, it is high probable that nothing will happen.

Your radio undoubtedly will be dead and the vacuum cleaner won't work. The same will be true of the elevators, lights and electric machinery and devices in your store, office or factory.

There just won't be enough electric power to do more than to keep hospitals going, operate food preservation plants, pump water, supply the police and fire departments and otherwise guard the public health and safety.

#### STATE-WIDE BLACK-OUT

It will take 2 weeks after the settlement to get coal out of the ground, ship it to Chicago and put it into the fireboxes to operate the generators that produce the current, experts said.

There seemed to be no way to avoid a 100-percent electrical black-out of homes, shops, stores, theaters, and factories throughout Chicago, and Illinois as well.

Such a catastrophe would cripple all commercial trading, put manufacturing at a standstill, cost millions upon millions of dollars loss, leave hundreds of thousands unemployed and cause extreme hardships. But the experts saw little, if any, chance of avoiding it.

None of the experts would predict exactly what might happen to Chicago in a 100-percent black-out. Streetcars and elevated lines would provide only emergency service, it was assumed. But with electricity denied to stores, theaters and factories, there would be few places to go.

A serious warning came from Commissioner of Public Works Oscar E. Hewitt, who declared that the city's pumping stations must be kept going.

"The Fourteenth Street pumping station is down to an 8-day supply of coal," he said. "The other stations also are hard hit. Five of them are electrically operated and depend on Commonwealth Edison for fuel."

"It is essential that we have coal for these stations. Sickness, and possibly death, would result if the city was forced to cut off the water supply."

Every newspaper in the city of Chicago carried similar news items. This desperate economic plight is not confined to Chicago alone. This is what is happening in down-State Illinois.

For example, in Canton approximately 4,500 workers are employed in industry. They are on a 24-hour-a-week basis. The serious thing at Canton is that the International Harvester plant which does all the repair work for the other

International Harvester plants may close down. There is an estimated coal supply of approximately 2 weeks. If that harvester plant closes in Canton, Ill., every other plant making farm machinery in this country will also have to close, regardless of any other condition.

At Kankakee two of the largest industries are the David Bradley Co. and the Bear Brand Hosiery Co., which employ approximately 1,000 workers each. Operations are such that they must close down entirely in a day or two. They cannot operate much longer. Of course, the city is on a 24-hour basis.

At Moline the Tricities have a utility company which has plenty of coal. That is one of the few sections of Illinois which is not affected. But it is affected as a result of the railroad situation. The Rock Island has discontinued two trains, which passed through the Tricities.

In Joliet, Ill., there are 18,000 industrial workers, all on a 24-hour-a-week basis. A complete paralysis within 10 days is predicted. They are worried principally about their water supply. They anticipate that within a week they will be without water. There is no coal with which to operate the plant. That, of course, will automatically affect fire protection.

That is the kind of a catastrophe which is coming to this country in hundreds of sections in every State in the Union unless something is done immediately with respect to the coal strike.

In Peoria there are 36,000 industrial employees. They are all on a 24-hour-a-week basis. The Caterpillar Tractor Co. had to cut down its force. It employs approximately 15,000 workers.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. MAYBANK. In my opinion the distinguished Senator from Illinois is not only doing a great service to Illinois but to the entire United States, and every State in the United States, by calling attention to the situation which exists. With his permission, at the conclusion of his remarks I should like to have printed in the RECORD an editorial from the Charlotte Observer.

The Senator referred to what might happen in other States. In my section of the country several hundred thousand textile workers and others will be out of work within the next 3 weeks unless something is done quickly.

Mr. MAYBANK. The present coal-strike situation means that the clothing and the other textiles that are so greatly needed throughout this land will be unavailable or in short supply, not only for 2 or 3 weeks but for many, many months to follow. I commend the Senator from Illinois for his action in this respect.

The ACTING PRESIDENT pro tempore. Without objection, the editorial submitted by the Senator from South Carolina will be printed in the RECORD following the remarks of the Senator from Illinois.

(See exhibit A.)

Mr. LUCAS. Mr. President, I thank my friend the able Senator from South Carolina for his remarks. I think he will



agree with me that there is nothing as important in the United States today as the settlement of the coal strike. The loan to Britain, the OPA, the draft, and all other matters of legislation which now are before the Congress are mere bagatelles as compared with this Nation-wide problem.

Mr. President, just think what conditions will be in this country if the coal strike is not settled. We shall not have to talk about the OPA or the draft if a solution to the controversy is not found. Yet, we in the Senate debate for weeks the consideration of a British loan resolution as if it were the most important piece of legislation which ever came before the Congress. Mr. President, I do not know what can be done, but I do say that every Member of Congress, as a result of what is happening in this country, owes it to himself and to his country to give every bit of consideration that he can give, somehow, in some way, to aid in this situation. All the Senator from Illinois is attempting to do is to bring the matter to the attention of the Senate and to point out what is happening in the State of Illinois and what will happen to the health, the safety, and the general welfare of our people when the economy of the country is paralyzed as a result of the failure to obtain sufficient coal to enable our utilities and industries to carry on.

Mr. MAYBANK. Mr. President, will the Senator further yield?

Mr. LUCAS. I yield.

Mr. MAYBANK. I thoroughly agree with what the Senator has said, Mr. President. As an illustration, let us consider the OPA. Of what use would it be to have an OPA if we had no production? The fact of the matter is that in the southeastern part of the United States we shall not have any production of textiles or of the other essential commodities unless something is done about the present coal-strike situation, and unless something is done soon. The time for action is now, Mr. President. We have waited too long.

I thank the Senator.

Mr. LUCAS. Mr. President, in Springfield, Ill., there are 10,000 industrial employees. The Sangamo Electric Co. is on a 24-hour basis with its 3,500 employees. Two plants had to close completely because they could not operate on a part-time basis during the week. Those plants are the Baker Manufacturing Co. and the Hummer Manufacturing Co., and there are approximately 500 employees between the 2 plants.

In Decatur, Ill., there are 15,000 industrial employees, and they are now on a 24-hour week. The Staley plant, a food-processing plant, does not have to restrict itself to a 24-hour week but it has a coal supply for only 3 weeks, and it cannot operate longer than 3 weeks. Therefore, it has curtailed its operations voluntarily, and is running at about two-thirds of its usual capacity with respect to employees, employing about 2,000 persons.

Another situation in Decatur which is desperate concerns the Wabash Railroad, which has shops there, and many people depend on them for their livelihood. Some parts of the industry are

out of gear because they have only a few weeks' supply of coal to carry on efficiently the necessary work.

In Freeport there are 4,000 industrial employees who are operating on a 24-hour-week basis. One plant employing 50 people has had to shut down completely because it could not operate on a part-time basis.

In Streator, 3,500 workers are employed in industry. The Owens-Illinois Glass Co. is the largest concern, with 1,600 employees. They are on a 3-days-a-week basis. The water plant is coal-operated, and its operators are worried about how long they can continue operations.

East St. Louis is dependent upon railroads for the employment of approximately 7,000 workers. It has been necessary to lay off several hundred employees who do coal hauling for the railroads. Twenty-three trunk railroad lines have connections in East St. Louis, as well as several connecting railroad lines. This city will be hard hit if the railroads are forced to discontinue their public service.

In Rockford, the entire city is on a 24-hour week basis as far as factories are concerned. About 35,000 persons are employed there. Of the 35,000 approximately 10 percent have had three shifts working. They have cut down to 8 hours each, so that means one 24-hour stretch for each employee.

In Champaign, Ill., the workers are operating on the basis of a 24-hour week. Four industries, with a total of 500 employees, have closed down entirely because they cannot work part of a week.

Mr. President, as this situation grows worse, every hour some concern is going out of business. The little fellows are the ones who are going to be affected—the small concerns employing 50, 75, or 100 men, which have only a week's or 10 days' coal supply on hand. Such concerns have been operating on that kind of coal reserve for a long time. I repeat, Mr. President, that the small industries which do not have large coal reserves are the ones which will suffer first as a result of what is happening. It is indeed a dark day for them.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. FULBRIGHT. I regret that I was not in the Chamber when the Senator began his remarks. Let me inquire whether he has made any suggestions regarding what he thinks we might do. I thoroughly agree with what the Senator is saying.

Mr. LUCAS. I shall make suggestions when I finish this statement.

Mr. President, in Harvey, Ill., 24,000 workers are employed in the industrial area, and they are working on a 24-hour-week basis. However, one plant, the Wiman Gordon Co., had to lay off outright 1,000 workers, last Friday, without any work whatsoever. Another plant, which employs 500, had to shut down entirely.

At Danville, Ill., there are 4,000 industrial workers, and all of them are working on the basis of a 24-hour week. The Chicago & Eastern Illinois Railroad, which has a number of ships in Danville,

has laid off outright 700 workers, due to numerous causes. Three hundred workers in the railroad shops have been laid off. The brickyards at Danville have closed with 200 people losing their jobs. All industries there will have to close outright on Thursday of this week.

Mr. President, that gives a brief résumé of what is occurring in Illinois at the present time.

At this point I wish to read into the Record some telegrams which I have received. Let me say that there has not been a single telegram or a single letter which has arrived at my office—and hundreds are coming in—which has not asked the Congress and the President of the United States to do something about this situation. Not a single telegram or communication of any kind or character upholds the position of John L. Lewis in this strike.

Mr. President, here is the first telegram, which I shall read:

HARVEY, ILL., May 4, 1946.

HON. SCOTT W. LUCAS,

Senate Office Building:

We, the 600 members of Harvey Post, No. 155, the American Legion, Department of Illinois, unanimously protest the unnecessary delay in settlement of the controversy in the coal-mining industry, which is causing serious delay in the reemployment of returning veterans, and insist that you as our public servant take immediate steps to correct this deplorable condition.

JOSEPH M. COOK,

Commander.

FRANK CUNNINGHAM,

Adjutant.

Here is a telegram from Erie, Ill.:

ERIE, ILL., May 3, 1946.

HON. SCOTT W. LUCAS,

United States Senate,

Washington, D. C.:

If we are curtailed more than 1 week on electricity, will be out of business. We handle perishable casein and will spoil in 3 days. Are we going to permit one man to wreck our country? Is this a democracy? Give the Government back to the people. Please reply.

ERIE CASEIN DRYERS,

A. F. REISENBIGLER.

Here is a telegram from Chicago, Ill.:

CHICAGO, ILL., May 3, 1946.

SCOTT W. LUCAS,

Washington, D. C.:

Coal shortage is causing shut-down of our business and may bankrupt us. Two hundred jobs involved. What are you going to do to stop this and future stoppages?

THE EDWAL LABORATORIES, INC.,

U. S. GUTTMANN.

Here is a telegram from Cicero, Ill.:

CICERO, ILL., April 27, 1946.

HON. SCOTT W. LUCAS,

Senate Office Building,

Washington, D. C.:

With steel production being curtailed because of coal strike our manufacture of steel building products, many of which are used in veterans' housing, until recently under full production in our 12 plants throughout the country will shortly cease because of lack of steel. It is our opinion that the Congress should insist upon immediate settlement of this strike. We ask your cooperation in taking some step toward that end.

CECO STEEL PRODUCTS CORP.,

C. LOUIS MEYER, President.

Mr. President, that shows what the veteran is going to get as a result of the

housing situation if this coal strike continues much longer.

I also read the following telegrams:

CHICAGO, ILL., April 24, 1946.

Senator SCOTT W. LUCAS:

River Raisin Paper Co., Monroe, Mich., who furnish us with fiber shipping containers, will close their plant Friday, April 26, due to the coal strike. The closing of this plant will eventually stop shipments of meat from our plant if we are unable to obtain shipping containers. Will appreciate any help in settling coal strike.

WILLIAM DAVIES CO., INC.

CHICAGO, ILL., May 2, 1946.

Senator SCOTT LUCAS,

United States Senate,

Washington, D. C.:

Started back in business here recently our building. Field building closes tomorrow for lack of power. This isn't the America I fought for.

FRED B. WELCH.

CHICAGO, ILL., May 4, 1946.

Hon. SCOTT W. LUCAS,

Senate Office Building,

Washington, D. C.:

This company engaged in manufacture large quantities fractional horsepower a. c. motors and dynamotors and other highly essential products, both Navy orders and civilian business, and employing several hundred workers Chicago and Oglesby plants. Facing heavy loss account coal strike and Illinois Commerce Commission order drastically reducing permissible electric power. Is business and our economic life to be devastated by arrogance of one man and one union or is Congress and Government helpless? Quick relief imperative if this company is to survive. Can you help in any way?

ECOR, INC.,  
JOSEPH NADER.

STERLING, ILL., May 4, 1946.

Senator SCOTT LUCAS,

United States Senate,

Washington, D. C.:

We respectfully urge immediate action of the passage of the Case bill which was passed by the House of Representatives. It is time for action. The liberty of American people is being shackled. We are forced to go from a 55-hour week to a 24-hour week. Terrific loss to labor, necessary production, etc. Things are going from bad to worse. Courageous statesmanship is necessary to deal with this serious condition in behalf of the entire American nation, not a favorite minority. This after all should be a government of the people, by the people, and for the people. We likewise are in hearty favor of discontinuing OPA, the source of most of our trouble.

THE CHAS. O. LARSON CO.

MENDOTA, ILL., May 4, 1946.

Hon. SCOTT W. LUCAS,

Senator from Illinois,

Senate Office Building,

Washington, D. C.:

Coal strike now limiting manufacturing operations to 24 hours per week. Therefore, in behalf of our 500 employees and ourselves, we beg immediate action to settle strike be taken concurrently with drastic legislation to insure forever no royalty payments on products and to make sure no one man or group can ever again throw a nation into turmoil at a tremendous cost to labor, as well as to industry. Chaos is bound to follow.

CONCO ENGINEERING WORKS,  
O. J. ELLINGEN.

LOUISVILLE, KY., May 1, 1946.

Hon. SCOTT W. LUCAS,

Senate Office Building,

Washington, D. C.:

Louisville & Nashville Railroad has approximately 2 weeks of supply locomotive fuel. Effective next Monday some curtailment is being made in freight and passenger service so as to extend the time more essential service can be operated. Unless some settlement of the coal strike is made and mining operations begun shortly, complete curtailment of a steam railroad transportation service is inevitable. This would be a severe blow to production in many industries which in themselves will also shortly suffer from coal shortages. This country and its business must necessarily look to such action by national legislators as will promptly remove the devastating menace now threatening them.

LOUISVILLE & NASHVILLE RAILROAD CO.,  
J. B. HILL.

CHICAGO, ILL., May 4, 1946.

Senator SCOTT W. LUCAS,

Senate Office Building:

As a veteran who served this country 4 years, I object to losing my business and life savings because of this coal strike. When are you going to do something?

DR. W. S. GUTHMANN EDWAL LABORATORIES.

CHICAGO, ILL., May 3, 1946.

Senator SCOTT W. LUCAS,

Senate Office Building:

The Chicago black-out has cut our employees' wages to 50.5 percent of normal and they are greatly disturbed about this calamity over which they have no control. Your immediate action is imperative.

THE MUTER CO.,  
LESTER F. MUTER, President.

CLINTON, ILL., May 3, 1946.

Senator SCOTT LUCAS:

At a mass meeting of 150 businessmen this morning they voted that we secure your co-operation in ending the coal strike immediately.

H. D. BEEHNER,  
President of the Business and Professional Men's Club, Inc.

BLOOMINGTON, ILL., May 3, 1946.

Hon. SCOTT LUCAS,

United States Senator:

Emergency order of Illinois Commerce Commission prohibiting the utilizing of electric power is working a great hardship on our company, as well as entire community. We urge you to propose immediate Government operation of coal mines pending settlement of strike.

WELLS OIL CO.

CHICAGO, ILL., May 3, 1946.

Hon. SCOTT W. LUCAS,

United States Senate:

If there is no law to protect the public in disputes like this coal strike we expect you as our Representative to initiate one immediately. Our organization at a standstill and costing us thousands of dollars. We expect prompt action from the administration or Congress to prevent future tie-ups.

NATIONAL 4-H CLUB COMMITTEE,  
G. L. NOBLE.

WAUKEGAN, ILL., May 3, 1946.

Senator SCOTT W. LUCAS:

The commercial division of the Waukegan North Chicago Chamber of Commerce requests that action be taken to settle coal strike at once in view of the tremendous

hardship and public health, and the immediate danger of discontinuance of power due to shortage of coal unless coal production is resumed at once power will cease after May 14 in this area.

COMMERCIAL DIVISION,  
WAUKEGAN NORTH CHICAGO  
CHAMBER OF COMMERCE,  
SAM PERMAN, Chairman.

CHICAGO, ILL., May 3, 1946.

Hon. SCOTT W. LUCAS,

House Office Building:

If coal situation is not cleared up immediately we will be definitely out of business. Request you do your utmost to expedite an immediate settlement.

WINZELER MANUFACTURING  
& TOOL CO.,  
JOHN WINZELER.

STERLING, ILL., May 3, 1946.

Senator SCOTT W. LUCAS,

Senate Office Building,

Washington, D. C.:

In the face of extremely tight and critical steel situation we have been directed by our source of electrical power to limit our operations to one 24-hour period out of 7 days. You are aware of the extreme necessity of continued production of wire nails, bale ties, fencing, and other wire products required by the farmer for continued food production. We suggest immediate action on the part of constituted authorities imperative in order that production of coal be resumed immediately. Housing program, food production, and entire reconversion program is held up account of coal strike.

NORTHWESTERN STEEL &  
WIRE CO.,  
PAUL W. DILLON, President.

CHICAGO, ILL., May 5, 1946.

Senator SCOTT LUCAS,

Senate Building, Washington, D. C.:

Some Chicago business already under candle light. Post office curtailing electric lights. As a postal worker, I can't read addresses under candle light. Stop the coal strike before the world's largest post office gets messed up.

H. WILLIS GLOVER.

CHICAGO, ILL., May 4, 1946.

Hon. SCOTT W. LUCAS,

Senator From Illinois,

Senate Office Building:

Our organization has a membership of 150 retail merchants in the Republic Building, 209 South State Street, Chicago. A resolution was unanimously adopted respectfully urging you to make every effort to settle the coal strike so business may return to normal.

THE REPUBLIC MERCHANTS ASSOCIATION,  
A. E. WANFALT, President.

EVANSTON, ILL., May 5, 1946.

Senator SCOTT LUCAS,

Senate Office Building,

Washington, D. C.:

What legal right has one individual to put 139,000,000 Americans in chaos? Act now.

A. W. MEYER,  
T. G. MURDOUGH.

VIRGINIA, ILL., May 6, 1946.

Senator SCOTT W. LUCAS,

Washington, D. C.:

Congratulations on action on coal strike. Trucks delivering gasoline to farmers allowed electricity for loading only 4 hours a day. Food cannot be produced without gasoline for power. Situation critical.

JOHN H. TAYLOR.



CHICAGO, ILL., May 5, 1946.

Senator SCOTT LUCAS,  
United States Senate, Senate Building,  
Washington, D. C.:

We represent 1,000 cleaning and dyeing plants in Illinois. The coal strike is so critical that restrictive use of light and power is ruining our business and will cause irreparable hardship and loss unless the most drastic action is taken immediately. We appeal to you to use your good offices to relieve this State and the Nation from the present deplorable infringement on the rights of the American people.

EDWARD BREEN,  
President, Illinois State  
Cleaners and Dyers Association,  
La Grange, Ill.

CHICAGO, ILL., May 3, 1946.

Honorable SCOTT W. LUCAS,  
Senate Office Building,  
Washington, D. C.:

Recent order of Illinois Commerce Commission substantially placing Illinois business on 24-hour week on account of power restriction, due to coal shortage, now clearly indicates that entire business economy of our State will stop completely in a short period of time. You are wholly familiar with coal picture in Illinois and its relationship to the health and economic welfare of every citizen here. We believe our Federal Government should take immediate steps to settle the coal problem, and since leadership has obviously been lacking, we are convinced that our own Illinois delegation in Congress could well be the means of bringing about the solution everyone is looking for. On behalf of Illinois business, as well as all citizens of the State, we urge you and your colleagues in the Illinois delegation to assume the leadership which we know you have the ability to give this problem. Kindest regards.

ILLINOIS STATE CHAMBER OF COMMERCE,  
JAMES F. STILES, Jr., President.

CHICAGO, ILL., May 3, 1946.

SCOTT W. LUCAS,  
United States Senator,  
Washington, D. C.:

Our own business faces entire demoralization through failure to settle coal strike. Operating restaurant concessions, in connection with transportation systems, as we do throughout the United States, public health and welfare is definitely endangered through threatened lack of fuel and electrical energy. We respectfully protest disregard of public interest evidenced by procrastination in reaching agreement between operators and union and as respectfully to urge that you use your best efforts to end a situation which has tragic and irreparable consequences for America.

THE INTERSTATE CO.,  
LESLIE C. CALDWELL, President.

ABINGDON, ILL., May 3, 1946.

SCOTT W. LUCAS,  
United States Senator, Senate Office  
Building, Washington, D. C.:

It is not often that our company requests a few moments of your valuable time but the recent power restrictions order in our State, coupled with freight embargoes, forces us to turn to our duly elected Representatives in Congress for help in finding an immediate solution toward a fair settlement of all controversies which are seriously affecting the economy of every man, woman, and child in our community and State. The largest percentage of our production is plumbing fixtures for GI homes and our goods are essential to the health of the Nation. We have been forced to close down this division of our business today and this will result in

unemployment for hundreds of men in the community and at a time when full employment is so essential for a sound economy. We earnestly suggest that you do everything in your power to impress on the proper authorities in Washington the necessity for prompt and decisive action in this emergency. If we continue to permit the few trouble-makers to dominate our very existence, we can well expect a continuance of strife. Please advise us in what way we can help you to find a solution to the serious problems which are stifling industry. Kindest regards.

ABINGDON POTTERIES, INC.,  
R. E. BIDWELL, President.

CHICAGO, ILL., May 3, 1946.

Hon. SCOTT LUCAS,  
Senate Office Building,  
Washington, D. C.:

As manager of one of the Loop office buildings in Chicago it is my wish that you could be here in our lobby this morning and see the confusion and consternation caused by the power shortage in Chicago due to the coal strike. As I have to answer to my tenants, please wire me what steps you are taking to relieve this situation. There are over 2,000 people in this building alone whose jobs are affected by this situation.

L. B. HERINGTON, Jr.,  
Manager, Garland Building.

The following telegram is from Chicago:

CHICAGO, ILL., May 2, 1946.

The Honorable SCOTT W. LUCAS,  
Senate Office Building,  
Washington, D. C.:

When a situation arises wherein willful men are allowed to paralyze the industry of the Nation it is time for action. The closing of industry due to the shortage of coal, a situation controlled wholly by one man, is beyond all reason in a Nation of freemen. My employees have neither been absent due to strike or to lack of work. They have been faithful to the war production required from them and faithful in times of peace as well. However, today I am forced to send them home through no part of their own due entirely to the necessity of protecting public welfare threatened by domineering union leaders. The time for action is now.

BRAKE EQUIPMENT & SUPPLY CO.,  
J. G. ALBERSON, President.

I refer now, Mr. President, to a situation in which I think the Senate may be interested. It has to do with a large plant in the city of Washington, D. C. I called up the Government Printing Office this morning to find out how long that important institution would be able to operate if the coal strike should continue. If Senators should fail to receive the CONGRESSIONAL RECORD, the seriousness of the situation resulting from the coal strike may be brought home to them. Mr. Russell H. Herrell, executive officer of the Government Printing Office, advised me that the GPO gets all its power from the Potomac Electric Power Co. Last Friday, May 3, the Potomac Electric Power Co. notified the Government Printing Office that unless they got additional supplies of coal they would not be able to furnish any power after about 10 days. The Government Printing Office would have to figure on shutting down in 10 days.

In other words, Mr. President, at the end of this week debate on all pending bills will be very short, for if what a

Senator has to say on the floor of the Senate cannot be printed and read in the CONGRESSIONAL RECORD the following morning, the Senate will be able to do business with expedition and dispatch.

There is one more telegram which I desire to read. It is as follows:

ROCKFORD, ILL., May 6, 1946.

SCOTT LUCAS,  
Senate Office Building:  
Where can I send money to buy Lewis diamond crown?

ATWOOD VACUUM MACHINE CO.,  
SETH B. ATWOOD.

Mr. President, while I am reading other material into the RECORD, I want to read from an article written by Dan Tobin, of the teamsters' union. The article is in the May issue of the International Teamster, and, in my opinion, it contains much good, common horse sense. I shall read merely certain parts of it. The title of the article is "Good Leaders Can Avoid Strikes—Must Have Courage To Resist Unwise Demands."

"The article begins with these words:

I am satisfied that many of these strikes that have taken place in recent months might have been avoided by careful management of the affairs of the unions involved and by the leaders of the union exemplifying their leadership by proving they had the courage to disagree with their members when they believed their members were going too far or asking too much. Or when they believed—as their judgment should have led them to believe—that even though they were right, it would be better for all concerned to pursue the doctrine of compromise.

Mr. President, I am wondering on tomorrow, when the executive committee of the United Mine Workers meets with John L. Lewis, how many of them, in view of the national disaster approaching, will have the courage to do what Dan Tobin said ought to be done in the paragraph I have just read. How many will stand up and debate this issue in executive session with Mr. Lewis, and ask him if he has not gone too far and suggest that a compromise should be made immediately. Surely these men realize that their country is nearing the brink of disaster.

I continue to read from the article:

In other words, as leaders of our unions we cannot expect to get everything that the members believe they should have. Very often we have to take a step backward, which perhaps is the wisest thing to do when conditions warrant such action. A general in an army who refuses to retreat in the face of destruction is a very poor general.

Mr. President, you know what is done to a general who refuses to retreat when he positively knows that his men will be annihilated. He is removed and court-martialed. Our Nation is in a desperate condition as a result of this strike. Someone has to retreat.

Mr. Tobin goes on to say:

These statements should not be construed as approving the action of the employers, especially General Motors, where the President of the United States appointed an unprejudiced commission; and after that commission made a decision it was the duty of General Motors to follow out the decision of that fact-finding board.

What would be the criticism of labor by the press of the Nation if labor took the position that it would refuse to accept the

decision of the unprejudiced fact-finding commission?

Mr. President, what would be the position of labor today in connection with this crisis if the shoe were on the other foot? In other words, if labor wanted to work, if laboring men were hungry and demanding the right to dig coal, and the operators closed the mines, locked the doors, and walked away, what would be the condition under those circumstances here in the United States Senate? Every Senator would be on his feet denouncing the industrial tycoons for doing a thing of that kind to the laboring men of this Nation and paralyzing industry. Yet that is exactly what is happening as the result of the failure to mine coal.

In his article Dan Tobin proceeds to say:

I do not, however, approve of prolonging the strike, even though the men had to surrender the 1 cent an hour which was in dispute. I also condemn the General Motors management for refusing to submit the differences between themselves and their workers to arbitration. It looked very much like a defiance of governmental authority, a thorough disregard for the public, and a determination to weaken or destroy the union.

What we are leading to in this strike is a total disregard of the public welfare and an apparent determination upon the part of some men to weaken, if not destroy, government. Mr. President, it cannot be done.

Mr. President, I have said about all I expect to say on this subject today; but I am convinced that under the Constitution of the United States there is a remedy. I desire to read two or three sentences on the question of strikes from the dissenting opinion of Mr. Associate Justice Brandeis—concurred in by Mr. Justice Holmes and Mr. Justice Clarke—in the case of *Duplex Company v. Deering* (254 U. S. 443, 488).

Because I have come to the conclusion that both the common law of a State and a statute of the United States declare the right of industrial combatants to push their struggle to the limits of the justification of self-interest, I do not wish to be understood as attaching any constitutional or moral sanction to that right. All rights are derived from the purposes of the society in which they exist; above all rights rises duty to the community.

The conditions developed in industry may be such that those engaged in it cannot continue their struggle without danger to the community.

That, Mr. President, is exactly what is happening in the case of the coal strike. The struggle is continuing to the point where it involves grave danger to every community in the United States.

Mr. Justice Brandeis goes on to say:

But it is not for judges to determine whether such conditions exist, nor is it their function to set the limits of permissible contest and to declare the duties which the new situation demands. This is the function of the legislature which, while limiting individual and group rights of aggression and defense, may substitute processes of justice for the more primitive method of trial by combat.

Mr. President, I maintain that under section 19 of the Criminal Code, as it exists at the present time, those who stifle

the economy of this Nation to the point where men and women are bound to suffer for lack of the necessities of life can be prosecuted. If it cannot be done, if there is any question about it, if there is going to be any quibbling over that section of the Criminal Code, the Congress of the United States could pass a simple joint resolution declaring the right of American citizens to continuous public-utility services, and making it unlawful to conspire to stop such services. In other words, it is the same proposition I submitted here on Saturday last, and I maintain with all the power I possess that no minority group can ever be entrenched with power to such a point that it can injure every segment of society, even its own members. Six hundred thousand people are involved in the miners' strike, and, as a result of the action of the 600,000 and their leaders, they are injuring and impairing the rights of the other people of this Nation.

I maintain that under the Constitution of the United States this Government has the power to step in, and if it has no power to step in under these conditions, then we might as well kiss government good-bye, so far as a democracy is concerned.

As I stated last Saturday, Mr. President, one of these strikes may start with good intent; there may be no reason to expect that it will proceed to the point where industry and commerce become paralyzed, but as time moves on and conditions grow worse, and government begins to sag to the point of danger, I submit that it then becomes automatically a strike against the Government of the United States.

I take that position, Mr. President, and I am going to prepare legislation, which I am working on now, which will at least give the Congress of the United States an opportunity to pass upon the question of whether or not we can make it a criminal offense for the leaders of this country, whether it be a labor leader or an industrial leader, or any other leader, to conspire to break down and paralyze the industries of this country to the point where the public welfare suffers. It can be done, Mr. President, and it should be done.

Mr. McCLELLAN. Mr. President—The PRESIDING OFFICER (Mr. TUNNELL in the chair). Does the Senator from Illinois yield to the Senator from Arkansas?

Mr. LUCAS. I yield.

Mr. McCLELLAN. Does not the Senator regard the problem he has been discussing as of greater importance than any other before the Nation, the Government, and the Congress? Does it not transcend in importance any other legislation now pending before the Congress?

Mr. LUCAS. The Senator from Arkansas probably was not in the Chamber when I had a colloquy with the able Senator from South Carolina [Mr. MAX-BANK], and made the same statement to him which the Senator has now made. In my humble opinion there is not anything before the Congress today that is as important as the question now confronting us.

So far as I am concerned, if the Congress wanted to meet in a body to study this question as a whole, I would agree to the suspension of everything until every Member of the Senate of the United States, in executive session or otherwise, had an opportunity at least to discuss the question, to bring in the experts, to analyze it from every angle, and determine whether or not there is not something that can be done.

Mr. McCLELLAN. I agree with the Senator, and I should like to join him in whatever he does in that direction.

Mr. LUCAS. I thank the Senator. In conclusion I wish to state that I will have more to say on this subject soon.

#### EXHIBIT A

[From the Charlotte Observer]

#### ALREADY TOO LONG DELAYED

The coal crisis is reaching the bursting point.

The Nation's economy is being shot to pieces by the continuation of the shut-down in the mines.

Coal reserves are dwindling to a fearful degree.

Industrial consumers are running so short that many of them have been compelled to close down their plants outright, while the great steel industry, largely dependent upon this fuel, has been reduced to a dangerous minimum in operation of its plants.

This latter situation has complicated the capacity of around 50 percent of the Nation's productive potential.

The situation has become so acute and there is so little hope of settling the strike by negotiation between employers and John L. Lewis that the President is said to be of a mind to step into the picture with all of the force and finality of governmental intervention.

This can mean but one thing and that is that Mr. Truman is at long last feeling compelled to take over the mines in the name of the Government and operate them in the public interest.

If such a step should be in the making at this time, it would be generally recognized as having been already too long delayed.

Virtually at the outset of this strike it was obvious that the normal and recognized processes of collective bargaining between Lewis and the coal operators would be inadequate to bring them together.

As the strike has dragged on from day to day and from week to week, it has become increasingly obvious that settlement by compromise, negotiation, or arbitration, or any other technique except the direct action of the Government was out of the question.

In all of his career as an arrogant, sinister, and vicious leader of the United Mine Workers, Lewis has never played for higher stakes than when he sat down to this present game.

His attitude has been that of an uncompromising tyrant. He has refused even to allow a discussion of increased wage schedules until the operators would agree beforehand to hand over to him a per-ton royalty on all of the soft coal mined in this country.

This was to constitute a tribute which he would personally exact from the mine owners under the guise of a welfare benefit fund for the miners costing the mine companies around \$50,000,000 a year.

His refusal to move a peg in attempted negotiations on other points of controversy until the operators abjectly caved in to this demand would indicate that he is determined to settle the coal strike on his own personal terms or that it will not be settled at all.

Such a situation demands, and has demanded, more of the Government than that



of offering the services of its conciliators and referees in ordinary labor disputes, and now, belatedly, the President must face the realities of the case.

#### PROPOSED LOAN TO GREAT BRITAIN

The Senate resumed consideration of the joint resolution (S. J. Res. 138) to implement further the purposes of the Bretton Woods Agreements Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes.

Mr. JOHNSON of Colorado. Mr. President, as an ardent supporter of the Bretton Woods agreement and as one who urged the creation of the United Nations Organization and who still supports it, I regret that I cannot approve the proposed loan to the United Kingdom in its present form. I have profound respect for the Secretary of the Treasury, Mr. Vinson, and the Assistant Secretary of State, Mr. Clayton, who are sponsoring the loan for this administration, and it gives me no great comfort to oppose it. Nevertheless, it is a serious matter which may adversely affect the United States and the causes for which we fought the recent wars, and, therefore, I and every other Member of Congress must decide the issue for himself. It does not worry me to be in the minority. It does worry me to have my country in the wrong. Those of us who are opposed to the loan are determined to make a record based on facts, and not on fiction.

I think it is very important, Mr. President, that a good record be made in this matter, and that of course is my first objective. I know that there is pending now before the Senate a cloture motion. I think the motion is premature and that it is offensive to every Senator who wants to know what the facts are pertaining to the loan. At this time I am attempting to give the facts. This is my first opportunity to discuss this question, and I do not like to have my colleagues on the floor of the Senate attempt to shut me off by a gag rule through a cloture motion.

Mr. President, it cannot be denied that the United States and the British Empire must collaborate closely in the post-war era. No one in the whole world—and that of course includes Americans—should be more interested in keeping the United States strong and solvent than is England. Twice we have saved her from conquest and slavery. Anything that will weaken the United States is not good for the United Kingdom or the world. The titanic program of lavish lending which this loan launches is, in my opinion, the beginning of the end of a great and good experiment in real democracy. Feeling deeply, as I do, it is my plain duty to oppose my friends of the administration in this matter.

Despite the unfavorable reaction in this country to Winston Churchill's mischievous proposal—and that is what it was, a mischievous proposal—for a formal military alliance, and regardless of the cool reception here to the Union Now movement, the man in the street understands and approves the existence of an eternal alliance, not on parchment nor

in perishable granite but secure in the hearts of the citizens of both countries.

A careless observer of Anglo-American relations might err in thinking that such surface manifestations as the petty jealousies, the temperamental display of ill-will, and the narrow nationalism which occasionally crop out here and abroad dominate the situation, but that is not the case. Good-naturedly we poke fun at the British, and they, in turn, with an adorable brand of bombastic conceit, sneer at us, but underneath the pretense and bluster there is devotion and understanding on both sides. In the subconscious minds of Americans, Britain will always be the mother country.

When the United Kingdom runs into a shooting war, we immediately start convincing ourselves that it is our war, too; and when financial distress haunts the Bank of England, we start orating about "our enlightened self-interest." Among her own dominions and member nations, the United Kingdom has no more loyal and dependable an ally in good times and bad than the United States of America. We are her staunchest supporter and her best friend. Because of our impulsive devotion to her, we must be careful to not do the wrong thing now—the wrong thing for the United States and the wrong thing for the United Kingdom.

Nothing is quite so precious to the two nations as the preservation of that basic friendship and that unwritten alliance of which I have spoken. It cannot be measured in billions of dollars. It must be measured in the progress of mankind and in the ultimate destiny of the human race.

However, the most beautiful lifelong friendships are often shipwrecked on the rocks of bitter quarrels over money matters. In Hamlet, Britain's magnificent master writer, Shakespeare, said:

Neither a borrower nor a lender be: for loan oft loses both itself and friend, and borrowing dulls the edge of husbandry.

This admonition, as did most of Shakespeare's advice, grew out of bitter and intimate human experience. Today the most vital international friendship in history is threatened by the proposed loan to the United Kingdom.

Everyone who has been following the comments in the English press must know that this loan is a threat to the friendship of the United States and the United Kingdom. This is what the London Times had to say in an editorial published in its issue of September 12, 1945:

By any computation, the bargain is hard.

The editorial is discussing the proposed loan and the agreements incident to the loan.

A labor amendment asks the House to refuse its consent to a dollar credit which disregards the principle of mutual aid on which the war effort was based, which must deprive this country of effective control over its own currency and trade, and under which the Nation will be committed to undertakings impossible of fulfillment.

Sir Hubert Henderson even contends that the conditions attached to the loan are "calculated to insure default."

Sir Hubert Henderson says that the conditions of the loan are calculated to insure default.

The proposed payment of over 35,000,000 pounds a year for half a century is frankly a concession to the "business principles" of the American Congress—and is no more likely to run its full course unaltered than the elaborate schedules of the Dawes and Young plans.

What is the London Times saying there? It is saying that the repayment feature of this loan is a concession to the—and it puts the word in quotation marks—"business principles" of the American Congress. In other words, they are laughing at us. They say that they threw these conditions in simply as a concession to us in order to have the agreement carried through, and that it "is no more likely to run its full course unaltered than the elaborate schedules of the Dawes and Young plans."

At least that statement is frank. The editorial states the case exactly as it is. Yet the Senate of the United States is swallowing the bait, the Senate of the United States is rising to the lure; it is about to grab the hook with the fly on it.

Mr. Mallory Browne, of the New York Times staff in London, in a dispatch to his paper, the New York Times, of December 16, 1945, has this to say:

Not for many years, not since the British defaulted on the last war loan, and perhaps not even then, has there been so much resentment, such widespread bitterness against the United States as one finds expressed in Parliament, in the press, and by the general public in Britain today.

I just said that the most beautiful, lifelong friendships are often shipwrecked on the rocks of bitter quarrels over money matters. It looks as though Mr. Browne in his report to the American press on what he finds in England today bears out my statement.

Mr. President, I desire to read into the RECORD excerpts from speeches which I found in going through the debates which were held in the House of Commons on this question. The first excerpt I desire to read is from a statement made by Mr. Boothby, who represents Aberdeen and Kincardine, Eastern. Among other things Mr. Boothby had this to say:

I conscientiously believe that this country is not, and will not be, in a position to discharge the obligation she is being invited to undertake by the Government.

Mr. Boothby says Britain will not be able to pay or discharge the obligation. That is his statement to the House of Commons. He continues:

I have never believed that you can get out of debt by getting into more debt; and I do not think this is going to make our position any stronger.

He is referring to the loan and says he does not believe that the position of Great Britain will be made stronger by going deeper into debt. I am offering this evidence, Mr. President, to indicate that this loan proposal is not making for good friendship between the United States and the United Kingdom. I quote further from Mr. Boothby:

I submit that the conditions put forward for our approval are far too onerous. It is

not untrue to say that comparable terms have never hitherto been imposed on a nation that has not been defeated in a war.

He calls them "onerous" terms.

To get through, and pay our debt, on the admission of the Government, we shall have to increase our exports by 75 percent; not 50 percent anymore, but 75 percent over pre-war. It there ever was any chance of our achieving this aim, it has been removed by the conditions attached to the loan which is now being given us. Lord Baldwin has been much criticized for the 1923 debt settlement; but the terms he obtained then were princely in comparison with these terms. And our position was incomparably better then. But we were compelled to repudiate, as we shall be compelled to repudiate this time.

And, Mr. President, whenever they repudiate, what will be said in the United States about that repudiation?

I now want to quote from Mr. N. Smith in the House of Commons on the 12th day of December 1945. This is what he said on the question being debated:

The honorable member for East Aberdeen—

That is Mr. Boothby—

said we should certainly repudiate this loan. "Repudiate" is a very harsh word, and it is not a word that I like, but I do think I ought to point out that we shall inevitably default on the loan. Lest any honorable member think this is merely what might be called the opinion of an irresponsible back-bencher, let me invite the House to read the letter from Sir Hubert Henderson which appeared in *The Times* this morning, a letter to which that paper gave a pride of place. His very first sentence is this:

"The financial agreement with the United States is for a loan upon conditions which are calculated to insure default."

I read an excerpt from that editorial a moment ago.

That is not the view of an irresponsible Socialist back-bencher. That is in *The Times* newspaper. Of course, we shall never repay this loan for the same reason that we did not repay the war debt on World War I; and unless America will accept a surplus of goods from us, we cannot repay; and there is no evidence that she will accept a surplus of goods. Is it honest to accept a loan well knowing that you are never going to repay it? It may be smart business, but I submit in the long run that it will create such ill feeling between the two countries as will lead us bitterly to regret what we are being asked to do today.

Mr. N. Smith and I seem to agree on that point.

Captain Drayson, of Skipton, had this to say the 12th of December 1945, in discussing the loan:

I am sorry the Minister of Agriculture did not tell us these things himself. I am sorry he is not sitting in his place at the present time. During the week end he must have been most uneasy on this matter because, when speaking in the north of England, he referred to this loan as "a pawnbroker's loan." Is that the view of His Majesty's Government?

The Minister of Agriculture calls it a pawnbroker's loan. I join Captain Drayson in asking: Is that the view of His Majesty's Government?

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. ELLENDER. I wonder how he could classify it as a pawnbroker's loan.

As I understand, very few pawnbrokers make any loans unless they are pretty well secured.

Mr. JOHNSON of Colorado. I thought of that myself. I do not believe that a pawnbroker would make that kind of a loan. I shall touch on that point later in my remarks.

Captain Drayson continued:

They have not called it so today. The honorable member for Doncaster (Mr. Walkden) called it a stern, harsh measure, and also referred to it as "a pawnbroker's loan." If these ideas were in the mind of the Minister of Agriculture when he used that term, I am led to believe that his reaction was that he would not be able to carry out the policy which he told us some days ago was the Government's plan. Is he going to welcome this loan and this motion on which we are to vote tomorrow?

Mr. Kendall, of Grantham stated in the House of Commons on the 12th of December, in speaking of America:

I used to live there. I went to school there, and I have paid frequent visits there since leaving that country a few years ago. I claim to know the people of America at least as well as my honorable friend does. The loan of 1,000,000,000 pounds is going to cost us our economic liberty and the development of our Empire. \* \* \* I am sure that taking a loan from the United States of a thousand million pounds, with all the strings that are attached to it, will not help our relations with the ordinary people of that country. They will say that they had to come over and help us to win a second war, they will say they had to re-finance us after the war, and in the end they will say we were not even able to repay that loan. We shall not be able to repay it in any circumstances whatever.

Mr. Kendall continues:

To sell out the markets of the Empire for a thousand million pounds is a preposterous idea. If only there were a free vote tonight, if only the honorable members on the labor benches and even Cabinet Ministers could vote as they pleased without doing down their Government, many of them would go into the lobby against this proposed loan. I wonder what the right honorable gentleman, the Minister of Health, would do if he were a free man tonight? He has done great service to the House and the country in the past. What would he do on this occasion? What would the Minister of Fuel and Power, and the Joint Under-secretary of State for Scotland, the honorable member for Gorbals [Mr. Buchanan], do if there were a free vote?

What would the parliamentary secretary to the board of trade, for whom I have great affection, do if there were a free vote? I think the answer is obvious. Do not sell out the Empire.

Mr. Kendall continues:

The Chancellor of the Exchequer—I think it was he—quoted one example about business over here, and mentioned the machine-tool trade. I know something of that. He said we should need to import machine tools from America to reestablish our industries.

We hear that argument in this country. It is said that we are going to sell machine tools. But this is what the British say:

The president of the board of trade and his parliamentary secretary know that in this country today there are some hundreds of thousands of machine tools in either Government factories or storage. If they

were let loose on today's British market it would ruin the machine-tool manufacturers of England for a long time to come, and perhaps for all time. And the Government talk about importing more American machine tools. We are perfectly capable of making machine tools here for ourselves providing—and I say this to the Chancellor of the Exchequer—that we throw away EPT altogether—the 60 percent—to stimulate the industry and get more labor back into industry. Just those two things, nothing else.

Mr. Davies, from Westhoughton, on the 12th day of December 1945, among other things, had this to say:

In spite of all that, I regard the terms of the loan as very hard. I could not understand how it came about that these two great nations, who pooled their gunpowder, navies, armies, and air forces, and also pooled 500,000,000 pounds in the discovery of the atomic bomb, could not, after pooling all these discoveries and inventions of destruction, pool their food supplies as well.

That is the first time I knew that Great Britain contributed to the atomic bomb experiment. I understood that we had made an appropriation of more than \$2,000,000,000 and that we obtained from Great Britain and Canada valuable assistance of a technical nature, but I did not know that they put up all that money.

If honorable members would realize how low we have sunk in our home situation in relation to footwear, utensils, and furniture, they only need to live in America for a month or two, and see the difference.

Mr. Davies was very strong for the loan. The quotations which I am reading into the *RECORD* are from men of all parties. They are talking very frankly in their own House of Commons. Many of them are for the loan. Some of them are against it. But I am taking them just as they come, and trying to show their own feelings in the matter. I am trying to establish the argument that this loan would make for unfriendly relations between the two countries.

My next witness in the House of Commons is Squadron Leader Hollis. This is what he had to say:

But, with that one reservation, I yield to no man in my desire for Anglo-American cooperation and friendship. I do not suppose there are many honorable members in this House who have had more American friends and who have traveled more widely in America than I have. But when the Chancellor said today that if we had turned down this loan that would have been the end of another chance of Anglo-American cooperation and friendship, I venture to think he was saying exactly the opposite of the truth. I think this will be the most dangerous enemy to Anglo-American friendship there ever has been.

On the next page the same gentleman continued his remarks. He was discussing an excerpt from an editorial in *World Economy* from the United States Department of Commerce. I quote a portion of the editorial:

Based on the experience of the entire inter-war period, strongly reinforced by events toward the end of that period, it is clear that whatever may be the other requirements, stability and economic relations generally, and in foreign exchange rates in particular, cannot be assured solely or chiefly through



technical financial arrangements, but must be firmly based on a vigorous and regular functioning of domestic economy.

Then he said:

It is not that it is undesirable, it says it is impossible. That is what the Americans ask us today—something that is impossible. I, therefore, call on honorable members to oppose this motion—

That was the motion for the passage of the loan agreement—

for I say in all sincerity, that if it should be passed, I have a great fear that it will prove to be nothing less than a suicide pact between the last two great free nations of the world.

Mr. President, this loan agreement, in the view of that member of the House of Commons, is a suicide pact.

Now I wish to quote from the remarks of one of the lady members of the House of Commons, Miss Lee. I wish Members of the Senate to listen to what she had to say about the American administration which is offering this loan agreement to Great Britain:

The honorable member obviously has a different interpretation, but there are different interpretations in this House, and grave trouble is going to be caused, because when the nations begin to interpret those measures there will be different interpretations in America and in Great Britain. I have a basic lack of confidence in the present American administration, and I believe that along with American anti-Semitism and anti-trade unionism and all the rest there will be an anti-British feeling. A government which has no rational economic solution to its difficulties has to do what Hitler did; it has to look for scapegoats. I want our real friends in America—the real progressives in America—to get after their reactionary government and to point out to them that they are at least a generation, if not 100 years behind the times, that this settlement is neither in their interest nor ours, and those of us in this House of Commons who are most deeply distressed about it are distressed not for old-fashioned Tory imperialist reasons but because we want to see real international friendship and real pacts of mutual advantage to Great Britain and America. It is folly to assume that any of those things lie in this present agreement.

I wish Mr. Vinson and Mr. Clayton might have the benefit of what Miss Lee had to say on this subject. If they did, I presume they would not have so much confidence that this loan will make for undying friendship between the United Kingdom and the United States.

Mr. President, all the statements which I have read, except that of Miss Lee, were made on December 12, 1945. Miss Lee's statement was made on December 13.

Now, I wish to read what Mr. Alfred Edwards, of Middlesborough, East, had to say:

They have repudiated the spirit of lend-lease. I go so far as to say that the greatest cause of the cost incurred in this war was American procrastination. That is true and I do not say it in an offensive manner. In two wars that has happened. They—

The Americans—

cannot get over the fact that the great cost and the greatest dangers have been due to the procrastination of America. As we continued absolutely alone for a year in holding the fort, is it asking too much that they should continue lend-lease for a brief period after we have finished the fighting?

Think of that, Mr. President: "after we have finished the fighting."

I read further:

I think not, and I should not be afraid to say that to America. That is what the Americans call "talking turkey," being plain and not misunderstanding one another. Have our negotiators really put it quite so plainly as that?

This is not mutual aid. It is not going to procure full employment. Why? Let us put this plain question to America. For 5 years we are to receive all these materials free of cost—in effect. Six years from now we have to begin to repay America. At the end of the fifth year we should say to America, "Will you kindly let us have a schedule \* \* \* of the goods you require to be offered next year in repayment." But then there is this document, according to which we are not allowed to do that. It is the one thing that is objected to. Are the American people then going to have an important surplus? Have we asked them that? Can anyone in this House, knowing the history of America and knowing the Americans at this moment, really believe that they are going to say to themselves and to the world at the end of 6 years, "We will reverse all our policy and have an import surplus"? It is no good our fooling ourselves. No other way can be evolved. Why do not we tell them this? Do they know it? They do not know it.

When I read the testimony before the Banking and Currency Committee of our labor leaders and our farm organization representatives, I wondered whether they really understood that the only way this debt can be repaid is by the acceptance of importations of British goods. There is no other way. When that time of importation comes, where will they be and where will they stand? I think I know. They will say, "We cannot afford to let these goods come in, because it will mean bread out of the mouths of American workmen." That is what they should be saying at the time when the making of the loan is being considered.

I continue to read from the speech Mr. Edwards made in the House of Commons:

I want to say, finally, to our American friends, and the word I shall use may be unparliamentary, Mr. Speaker, "This agreement is pediculous."

I have not yet looked up that word, but I am sure it is at least "pediculous"—

That is all I have to say to the Americans on this particular agreement. They are hitting people when they are down. It is like two survivors on a raft, and the physically strong is pushing off the raft the physically weak. I hope they will think again, realize what has been done for them, and see if they cannot give the quid pro quo, which I do not see in these agreements.

Our next witness is Mr. Stokes, who spoke as follows on December 13, 1945, in the House of Commons.

I come to the loan. As other members have said, it is a dishonest thing to enter into a loan which one knows one cannot repay. I know we cannot pay this back because the whole American approach is wrong. The only way in which this loan can be paid back is by America taking goods in exchange. Not only that; America has to become a surplus importer of goods, a surplus which must equal her overseas loans and interests. That is not a proper approach. The American thinks of the world as a glorious place in which he can dump all his surplus produc-

tion to his best advantage and to the advantage of the rest of the world that can pay for them. He has not realized that the only fundamental safeguard, the only way the system will work in the end is by an exchange of goods for goods.

I wonder if the leaders of the pressure groups understand that statement. I fear they do not.

I now come to a third distinguished gentleman, namely, Mr. Churchill himself.

Everyone is aware of the many objections to the agreement which is now before us. The Government have in no way concealed their disappointment.

That is, Mr. President, the Labor Party, the administration of England, is not trying to conceal their disappointment. Mr. Churchill, representing the Tory group, is now speaking.

They tell us that they have not been able to procure easier terms, and I think I shall say that we wholeheartedly share their disappointment. Not only is there disappointment, there is deep misgivings as to what the consequences will be and also our ability, however hard we try, to discharge successfully the obligations now to be imposed upon us.

Obligations to be imposed upon them. I hope that Senators will understand that language.

For these reasons, upon which it would be easy to expatiate, we on this side of the House—

Mr. Churchill is speaking of the Tory side—

refuse altogether to accept any responsibility for this set of transactions. We recognize that it is the duty of the Government to decide. In international matters it is always our desire to associate ourselves, so far as possible, with them. I very much regret that we cannot do so on this occasion. The task falls to me, as leader of the conservative party, to give advice to my honorable friends as to what our conduct should be in this present bleak and difficult situation.

Mr. Churchill says that it is a bleak and difficult situation. He refers to the acceptance of a loan of nearly \$4,000,000,000 from the United States.

It would be a great pity and would weaken us for our future tasks, which are heavy, if we all voted in different lobbies on a question of this kind.

Here someone shouted "Why?" And Mr. Churchill continued:

My honorable friend asks "why." I would have thought that even the simplest processes of ratiocination would have enabled him to supply the answer to that. We therefore thought it better and wiser to abstain as a body—

Then the honorable members in a loud chorus shouted "Why, why?" And Mr. Churchill continued:

We thought it wiser to abstain as a body, and that is the course we intended to pursue.

The Secretary of State for Foreign Affairs, Mr. Bevin, interrupted to ask:

How can you pursue it when you are sitting still?

Mr. CHURCHILL. We are discussing the movements of the mind, and not the much bulky shiftings of the human body. This course is thoroughly justifiable in an opposition whose vote cannot, in any case, decide the issue. There is no reason at all why we

should share the responsibility of the Government. The responsibility lies wholly upon them, and they have the power to discharge it. Whatever we did with our votes in this House, we could not affect the position.

There was then an interruption, and Mr. Churchill said:

I am not asking for any advice from below the gangway on the opposite side of the House as to what I should say by way of guidance to my own supporters.

Later Mr. Churchill said:

Whatever may be said to the contrary, our relations with the United States have definitely become more distant and more difficult since the establishment.

There were some shouts of "No." Mr. Churchill continued—

Honorable members surely want to hear the case deployed. Otherwise the great gifts of the Foreign Secretary will not have full scope in answering them.

Later Mr. Churchill said:

Whatever may be said to the contrary, our relations have deteriorated. Both the great parties in the United States are wedded to the principle of free enterprise, and are opposed to the collectivist and totalitarian conceptions which underlie and animate socialist policy.

Mr. Bevin, Secretary of State for Foreign Affairs, said during the course of his address:

I do not know anybody who ever came away from a money lender's office—

The Treasury of the United States is a money lender's office—  
and calculated the repayment who ever felt comfortable.

There are many other statements which were made in the House of Commons and which I should read. I wish to read an excerpt from a statement made by Lord Atrinchin as reported in the Hansard Parliamentary Debates of the House of Lords, and set forth in volume 138, No. 40, of Monday, December 17, 1945:

I fear, therefore, that these obligations may be the cause of grave misunderstanding in the future, and that the people of the United States should understand this, which is absolutely fundamental to these agreements. They do not understand that the conditions attaching to our acceptance of this line of credit—the only conditions on which we can pay for the credit if we take it up—involves a complete transformation and, indeed, a transfiguration of the American economic system if they are not to compel default. The Foreign Secretary in another place said very truly that what this is going to depend upon is not an argument as to whether or not the customs have been sufficiently reduced. It is going to be answered by the practical, the concrete, unavoidable test of whether our goods are actually going into the United States. The whole thing turns on that. I honestly wish I could feel that the American public understood that.

Lord Atrinchin further said:

I am convinced that both His Majesty's Government and the Government of the United States will before long find reconsideration of these agreements imperative as the situation develops. Fortunately, as the noble lord (Lord Balfour of Burleigh) and others have pointed out, there is full provision for that in clause 12 of the financial agreement which Lord Balfour of Burleigh read out.

Lord Croft interrupted and said:

What is the heavy lasting grudge of the United States against this old country in spite of the reasons for great, real, and lasting friendship? It is that we who, at least at that time—the War of Independence—where the sovereign power interfered with the fiscal liberty of British colonists in America. But this today is the Boston Tea Party in reverse and an interference with the freedom of our country to manage its own affairs, an interference that I regard as unparalleled in the history of the world.

It is a Boston Tea Party, Mr. President, which is being held in the House of Lords in London, England, in protestation against the proposed loan. We know something about the Boston Tea Party and its effects. Even yet they have not altogether worn out. A Boston Tea Party is, apparently, now being held in the House of Lords and in the House of Commons.

The most regrettable feature of the transaction is the long life of this irritating loan. Each year for 50 years when the payments fall due, shouts of "Uncle Skinflint Shylock" and "double-crossing defaulter" will echo and reecho across the Atlantic. Payments, if they are made, will be made out of the sweat and the toil of the underprivileged British working classes, and they will resent it and they will say so.

A banker who has spent a lifetime in the credit business related the other day that in his long experience he had never yet made a loan on a friendship basis which did not produce lifelong enemies. On the other hand, he said, the loans made on a sound business basis never ended in misunderstandings. Mr. President, there should be no sentiment involved in a loan. Our free and easy money-lending policies which followed World War I made us the most hated people on this planet. The burned child usually fears the fire. But, without profiting from bitter experiences, we again deliberately invite all of the nations of the world to hate us. Because of our good intentions, the first mistake should be pardoned. This time we are flying in the face of history, and there is no excuse for it. Promoting disrespect and hate in the world is not worthy of a nation of intelligent and enlightened people. To grant this loan would not move us in the direction of a brave, new, peaceful world.

Britain became mighty through expanding her commerce and exploiting weaker peoples, practicing trade discriminations, creating trade barriers, developing trade restrictions, arbitrarily imposing quotas and embargoes, and by granting preferential trade privileges whenever and wherever it was in her interest to do so. Through political, economic, and military power she has attained her objectives. Her government has been an investor and silent partner in business enterprises all over the world. She has been a wise trader, ruthless and determined. When it was necessary to go to war to protect her life lines she went to war. But World War II has wrought tremendous changes everywhere; and Great Britain, along with all the rest of us, is caught in a world-wide revolution of ideals and methods. Nations which do not adjust to the changed

conditions are inviting want and misery to sit at the tables of their unfortunate citizens.

No one knows so well as the merchants and the bankers and the politicians of the tight little island that the jig is up, and that in a free world a continuance of her privileged trade practices will only destroy her and force her vast commercial empire to disintegrate. They know, too, that permanent world peace is essential to her existence. Henceforth wars to promote commerce will sink her, and the balance of the world, deeper in the mire of despair.

World War II completely eliminated the trading capacity of Germany, Italy, and Japan—Britain's toughest prewar competitors; but it gave her two new competitors, who, through mass-productions techniques, generously supported by raw materials, manpower, unlimited capital, and know-how, are certain to destroy her position as the leader of world commerce. The United Kingdom, with her limited supply of raw materials, manpower, and manufacturing facilities has small chance against the mass-production competition of the United States and Russia. She must adjust herself to these new conditions, and the United States Congress must not expect her to do the impossible.

Mr. President, I wish to quote again from the debate in the House of Commons, this time from Mr. Eccles. This is what he said, referring to England:

I see this country, a small country . . . standing between the revived imperialism of Russia and the commercial aggression of America. There is nothing surprising in that. In our time we have been actively imperialist and aggressively commercial. But the lesson of these documents is that our very best friends in the world today are young, ambitious, and strictly realistic, and if we want to maintain our position between them—it is enormously to the advantage to the peace and the prosperity of the world that we should—we, too, must be ambitious and realistic, and we must temper our dreams of perfection and universal brotherhood to the winds that come from the west as well as those that come from the east. I have made my suggestion, and I sum up my whole argument in this way. We must have the loan, for very serious reasons it is inevitable. Then we can go on and have Bretton Woods, which is all right when the fair financial weather comes; but having done that, I think we ought to place the united experience of this country, which in these commercial matters is far greater than that of any other country in the world at the disposal of America and Russia, and show them just how they can and should contribute to a real multilateral trading system as much as we have been asked to contribute in these one-sided and obscure proposals.

Mr. President, I think Mr. Eccles has made a very important statement, that the whole matter of world commerce should be worked out around the table before we start making loans and agreements which will be binding and upsetting, and will be a severe handicap whenever we get around to the point of working out multilateral trading.

To save their political hides, the statesman of the present labor government are searching diligently for a temporary escape from the impact of the frightfully changed conditions of the new world in which they find themselves.



They have just come into power in England, they are having a difficult time, and they are trying to find a way out. We cannot blame them for that. One cannot blame politicians for looking after their own fences. That is how they remain in office. The politician is the world's foremost optimist. He believes that every blind alley eventually winds up at the entrance to the palace.

Originally they sought a gift from us of five or six billion dollars. Our State Department countered by offering them a \$4,000,000,000 loan instead. They accepted reluctantly, because they knew it would not solve their problem. They had no other choice. They calculated correctly that such a loan would carry them at least 5 years, and that is about as far ahead as any politician figures.

In the opinion of many financial experts here and abroad, however, the United Kingdom will require an additional \$4,000,000,000 loan every 5 years, if conditions do not grow worse. British officials do not admit publicly now the need for additional periodical loans, and neither does our State Department; but as certain as the sun will rise in the east tomorrow, such loans will be as urgently needed every 5 years as the present loan is today, if the British trading empire is to be saved.

I said a moment ago that I wanted to make the record clear, and I do want to make it clear, because, just as certainly as that we are sitting in this Chamber today, 5 years from now there will be another loan application, another loan agreement, before the Congress. Incidentally, I call attention to the fact that the present proposed loan does not draw interest, nor do repayments start for a period of 5 years.

If the Congress of the United States is laboring under the delusion that the present pending loan of \$3,750,000,000 will make England well, it is not being realistic. The politicians in the administration and in Congress are only passing the buck for a 5-year interval. What a shameful way to measure up to their responsibilities. The patient requires a major operation and not a little salve rubbed on his chest and they know it. A quack has no conscience and this solution is unadulterated quackery. There is no escape from these recurring loans once we start making them if we really mean to establish multilateral trading. Unless we face the issue squarely and courageously now, and do what is required to solve Britain's current economic dilemma on a permanent and sound basis, we are pouring the taxpayers' money down a rat hole as the Senator from Louisiana [Mr. ELLENDER] said a few days ago.

Why Americans picture themselves as shrewd Yankee traders I do not know. The rest of the world considers Americans a soft touch. Nevertheless, the State Department developed what they deemed a very clever trade. They canceled the World War I debts at least by implication, wiped off the balance due us on lend-lease, including \$700,000,000 worth of valuable surplus civilian goods, many billions of war equipment of lesser value, for an I O U of \$650,000,000, and

they granted the United Kingdom a 50-year loan of \$3,750,000,000 at a very low fluctuating and undetermined rate of interest. The United Kingdom had already agreed in the Bretton Woods compact to abolish the sterling-area system of trade and currency restrictions within 5 years. Now, under the terms of the proposed loan they agree amid an avalanche of "ifs" to do this 1 year after the loan is consummated. Winston Churchill says 15 months. I think 15 months is the correct time. The virtue of 1 year over a 5-year period is not apparent. Frankly there is no advantage to us in this over-emphasized, over-advertised, projected reduction in time for the elimination of trade restrictions. As a matter of fact there is no provision to eliminate the existing sterling bloc in the agreement, as I shall show in a moment or two.

I want to read into the RECORD some of the provisions of the Bretton Woods agreements, in which it was agreed to eliminate the sterling bloc within 5 years. I read section 3 of article VIII, which deals with the general obligations of members. Section 3 reads as follows:

No member shall engage in, or permit any of its fiscal agencies referred to in article V, section 1, to engage in, any discriminatory currency arrangements or multiple currency practices except as authorized under this agreement or approved by the fund. If such arrangements and practices are engaged in at the date when this agreement enters into force the member concerned shall consult with the fund as to their progressive removal unless they are maintained or imposed under article XIV, section 2, in which case the provisions of section 4 of that article shall apply.

Now let us see what section 2 of article XIV provides. Section 2 reads as follows:

In the postwar transitional period members may, notwithstanding the provisions of any articles of this agreement, maintain and adapt to changing circumstances (and, in the case of members whose territories have been occupied by the enemy, introduce where necessary) restrictions on payments and transfers for current international transactions. Members shall, however, have continuous regard in their foreign exchange policies to the purposes of the fund; and, as soon as conditions permit, they shall take all possible measures to develop such commercial and financial arrangements with other members as will facilitate international payments and the maintenance of exchange stability. In particular, members shall withdraw restrictions maintained or imposed under this section as soon as they are satisfied that they will be able, in the absence of such restrictions, to settle their balance of payments in a manner which will not unduly encumber their access to the sources of the fund.

Section 4 of the same article relating to the transitional period makes this provision:

#### ACTION OF THE FUND RELATING TO RESTRICTIONS

Not later than 3 years after the date on which the fund begins operations and in each year thereafter, the fund shall report on the restrictions still in force under section 2 of this article. Five years after the date on which the fund begins operations, and in each year thereafter, any member still retaining any restrictions inconsistent with article VIII, sections 2, 3, or 4, shall consult the fund as to their further inten-

tion. The fund may, if it deems such action necessary in exceptional circumstances, make representations to any member that conditions are favorable for the withdrawal of any particular restriction, or for the general abandonment of restrictions, inconsistent with the provisions of any other articles of this agreement. The member shall be given a suitable time to reply to such representations. If the fund finds that the member persists in maintaining restrictions which are inconsistent with the purposes of the fund, the member shall be subject to article XV, section 2 (a).

That is the Bretton Woods agreement. The United States of America signed it. The United Kingdom signed it. It is the law of the land. It is an international agreement which has already been accepted, and the whole plan for working out the restrictions is laid in the language which I have read.

The proponents of the pending measure are basing their arguments on the alleged fact that the loan agreement we are now considering speeds up this whole matter to 1 year. Of course, it does not do anything of the kind. If Senators will read the agreement very carefully they will discover in it some provisions which may startle them. It does not speed it up at all. It is surrounded by "ifs" of all kinds. There is no apparent advantage, so far as I have been able to see, in the provisions of the loan agreement as compared with the provisions of the Bretton Woods agreement.

In the loan agreement there is one peculiar thing to which I want to call attention—and I shall discuss it a little later—which contradicts all the arguments that are being made on behalf of the loan agreement and the lifting of restrictions.

Since the proponents of the British loan in America are resting their whole case on the quick elimination of the sterling bloc, that aspect of the matter merits careful study and analysis. A great deal of hocus-pocus is being indulged with respect to the sterling area and the sterling bloc. During the war, when goods and services disappeared from the market places and there was no competition of any kind, at home or abroad, the sterling bloc and its dollar pool were 100 percent effective. They were a war measure pure and simple, and so considered by everyone. To believe that such drastic practices can exist in a competitive world and that they can operate satisfactorily to claimants during peacetime is being absolutely unrealistic. Lord Keynes in his report to the House of Lords on December 17, 1944, frankly admitted that the United Kingdom was giving away nothing by its agreements with respect to the elimination of the sterling bloc. If the United States desired to do so and were willing to fight fire with fire it could knock the sterling bloc and its dollar pool into a cocked hat before sundown.

But we do not need to take action. We do not need to start a trade war. These arbitrary blocs would fall of their own weight, except for one thing, and that is that under this agreement we are not eliminating them, but are giving them approval. The United States is assuming responsibility for their continuance.

Mr. WILLIS. Mr. President—  
The PRESIDING OFFICER (Mr. HUFFMAN in the chair). Does the Senator from Colorado yield to the Senator from Indiana?

Mr. JOHNSON of Colorado. I yield.

Mr. WILLIS. Last Friday the Senator from Colorado read into the RECORD a statement appearing on page 7 of the pamphlet entitled "Financial Agreement With the United Kingdom," in which the following appears:

The United Kingdom agrees: 1. To eliminate within 1 year the sterling area dollar pool restricting the use of dollars and other currencies received by member nations.

I am informed through Mr. E. F. Thompkins, of the editorial staff of the New York Journal-American, that while the pending joint resolution has been under debate in the Senate, England has negotiated new monetary agreements with all her western European allies except France, and with Switzerland, Denmark, Sweden, and Czechoslovakia. The Swiss deal was closed only a few days ago. The terms are that England and the other countries will accept payments in each other's currencies, but that no balances will be used to obtain dollar exchange except with the consent of the Bank of England. This would seem to ignore pledges under the Bretton Woods agreements and the Anglo-American loan agreement, which has recently been ratified by Parliament, and would continue the sterling area under a new guise.

This would indicate either that the United Kingdom does not anticipate the ratification of this agreement, or that she is going ahead to maintain the sterling bloc in spite of the agreement.

Mr. JOHNSON of Colorado. The truth of the matter is that Great Britain has prosecuted a policy of bilateral agreements. She signed the Bretton Woods agreements, and yet, as the Senator has indicated from the telegram he has just read, she has been negotiating with the countries of western Europe and with other countries. She is even negotiating with Russia, but she has already negotiated with six of the countries of western Europe, and has made bilateral agreements with them, even though the Bretton Woods agreements provide for multilateral agreements.

A moment ago I indicated that instead of freeing anything, the pending agreement contains this paragraph, which I hope Senators will understand, study, and ponder. In section 7 headed "Sterling area exchange agreements," we find this language:

The Government of the United Kingdom will complete arrangements as early as practicable and in any case not later than 1 year after the effective date of this agreement, unless in exceptional cases a later date is agreed upon after consultation—

That is agreements as to restrictions. Then we find the following language in parentheses—

(apart from any receipts arising out of military expenditure by the Government of the United Kingdom prior to December 31, 1948, to the extent to which they are treated by agreement with the countries concerned on the same basis as the balances accumulated during the war).

That language means that the sterling bloc currencies amounting at the present time to \$14,000,000,000, and which soon will increase to \$18,000,000,000, are to be locked up, are to be closed, are to be put in cold storage until December 31, 1948, and it is going to be done by agreement with the United States of America. What will happen to them after that I do not know; but all the countries that now have their claims pending in the Bank of England for balances due them by this agreement which the Congress of the United States is entering into with the United Kingdom are going to find that their accounts are frozen until December 31, 1948. That is what we are getting into. What are the countries in the sterling bloc going to think of us? I understand very well, as I think other Senators do, that the smart bankers in England will say, "What could we do? We were helpless. This is one of the conditions of the loan. We had to have a loan, and one of the conditions is that your claims must be frozen until December 31, 1948."

We are not freezing anything. We are putting the blocked currency in cold storage. That is a very important phase of this loan which must not escape any student of the loan.

The United Kingdom can agree to eliminate the sterling restrictions within 1 year under our pressure; but when that object is achieved on paper it will amount only to a paper elimination. The claims will still exist. So long as the sterling claims remain unliquidated preferential trading within the sterling area must continue, since trading is the only method whereby such claims may be satisfied. We are fighting a symbol, and blindly ignoring the fundamental issue. We say, in generalities, that we are freeing trade, and that we are working for multilateral trade when, as a matter of fact, what we are doing is freezing the currency of the sterling area until December 31, 1948, so that it cannot enter into trade. We shall be blamed for it.

The real problem before the world and before the Senate is the liquidation of the sterling claims. The only certain way by which the sterling area and its trade restrictions can be eliminated is through the liquidation of the sterling commitments. We are not solving anything by putting these claims in cold storage. We are not solving anything when one of the provisions of the loan makes it impossible, at least until December 31, 1948, for the sterling area claims to be liquidated or have any payments made on them.

The blocked sterling currencies will shortly approximate \$14,000,000,000, and they will continue to grow unless and until they are liquidated. By December 31, 1948, they are expected to amount to \$18,000,000,000. Forever they must plague trading unless a way is found to eliminate them. The current blocked sterling balances are owned primarily by the central banks of countries within the sterling area, and these balances are deposited chiefly with the Bank of England. They were created by importations of goods into Great Britain during the war, such as the purchase of the

entire cotton crop of Egypt and the entire wool clips of Australia and New Zealand; also through expenditures by the British armed forces in various countries of the sterling area.

Let me say to our friends in the Cotton Belt that at the present time the United Kingdom owns \$1,000,000,000 worth of cotton in storage in Egypt. It is in her name. She has title to it. It is there in storage, to be shipped to Britain as she needs it, and it is paid for by the claims which we are freezing until December 31, 1948. I may add that she has half a billion dollars' worth of wool in storage, which she bought from Australia with the frozen credits. But she is entitled to it. She can sell it for cash if she desires to do so. What are Australia and Egypt going to say about Uncle Sam? They will probably not have much to say to him, but they will have something to say about him when they try to get some money on that cotton and wool, and are told by the bankers of the United Kingdom, "We cannot pay you anything. The United States Treasury insisted that your claims be frozen, so you cannot get any money."

How are they going to feel toward us? I know how they are going to feel, and so do other Senators. Why we are dipping into that kind of a situation I do not know. Of course, it is true that during the war, when the claims were first frozen, it was a war measure. The United States agreed to the dollar pool and agreed to the freezing of the currencies. It was not for us to agree, but we had no objections for the reason that we had no goods that we could ship in exchange for the dollars which the sterling area had accumulated. We were engaged in a war, fighting to the death, and we needed all the food, munitions, supplies, and materials we could manufacture and get together to fight the war. So we were glad enough not to have those dollars belonging to the sterling area come into our markets and siphon off any of our goods.

The United Kingdom avoided external debts during the war by depositing sterling credits in the Bank of England for the goods and services of the sterling area countries which were given to her. The goods went into British warehouses and the sterling commitments into British banks. The United Kingdom can not continue as a sterling banker in such a one-sided deal. One nation can impose a bad bargain during a war, but it takes two to make a good bargain that will stand up during peace. England knows that just as well as we do. She cannot carry on business on that kind of a basis; but if she can get us to assume responsibility for such an obnoxious arrangement during peacetime, she is smart enough to take advantage of us.

The American proponents of the proposed loan speak eloquently of the value to world trade to be found in substituting multilateral trade agreements for the restricted operations of the sterling bloc. What they say is true; but a \$4,000,000,000 loan to the United Kingdom can not release \$14,000,000,000 worth of commitments belonging to the whole sterling area. An honorable and straightforward



ward method of liquidating sterling area credits should be undertaken. That should be our objective if we are honestly trying to establish multilateral trade in the world. Why we should try to shift these credits is not clear. The sterling area was created originally to injure our trade. It has been operated to our detriment; and now we are asked to rescue it from certain failure or to assume responsibility for its permanent imposition. We are very foolish if we bail it out without some sort of understanding; and we are very foolish if we assume the responsibility for keeping these claims in storage.

It is true that the imported raw materials which the United Kingdom would purchase with our dollars constitute but 25 percent of the value of finished goods which she would supply to her creditors in the sterling bloc. Unfortunately, however, England must import practically all her foodstuffs, too; and so she literally eats up all the margin between the relatively low value of her imports and the higher value of her exports, with no opportunity to liquidate the claims held against her by the other members of the sterling bloc unless someone furnishes the raw material free and supports her while she creates finished goods with which she can settle her present family debts. We have been selected to furnish the raw materials free.

My complaint is that we refuse to face the facts involved in this whole transaction. Apparently our effort is directed toward deceiving ourselves. In addition to earning a living out of her factories for her citizens Britain feels compelled to maintain a huge navy and army, at a tremendous outlay of cash.

I recall, as I know most other Senators recall, the very able speech made by the Senator from Maryland [Mr. TYDINGS] with respect to rearmament the world over. During the current year Britain is spending the following amounts on rearmament: For her navy £250,000,000, for her army £682,000,000, for her air force £256,000,000, for her supply and aircraft production £474,000,000, or a total of £1,667,000,000. When we reduce that to dollars, it is approximately \$4,500,000,000. That is the amount which she is spending on rearmament at the present time. Of course, we know that some of that expense is necessary; but again I say that the world ought to follow the advice of the Senator from Maryland. In his plea for a world disarmament program he pleaded that the United States get behind a world-wide program and see what we can do about the terrible expense of rearmament. No doubt Britain is in bad shape. She cannot afford to spend \$4,500,000,000 on a rearmament program. Neither can the other countries of the world.

Mr. President, I wish to quote from the eloquent address which the Senator from Maryland [Mr. TYDINGS] delivered on the 28th day of January in this body. It created a sensation throughout this country and throughout the world. But not enough has been done about it. Something should be done about it, and something should be done about it before we

begin to make loans. The cart should not come before the horse. We are making a terrible mistake. This loan proposal is premature in many respects. It should follow other arrangements which should first be made.

I now quote from the speech made by the Senator from Maryland:

It will be recalled that following World War I, mostly between the years 1920 and 1930, the people of America bought \$14,000,000,000 worth of foreign bonds. With this borrowed money, foreign governments were able to maintain great armaments, as it released funds that would not otherwise have been available for such purposes.

To illustrate, in 1927 Japan borrowed \$300,000,000 from our people and in the same year spent \$200,000,000 on her total national-defense program.

We loaned Japan the money.

Thus, we furnished Japan with \$100,000,000 more than the cost of her entire national defense program in that year. Other examples are readily available in many cases.

There is now pending before this body a loan to the British of \$4,400,000,000. This loan is likely to be followed by requests for similar treatment from Russia, France, China, and other nations. There is no restriction, direct or implied, in these proposals that such borrowed money shall not be used for armaments. Such a proposal would be difficult to carry out, for even if such money were not used directly for armaments it could be used indirectly for that purpose.

Thus it seems apparent that if these loans are granted, the borrowed money will assist foreign nations in maintaining their gigantic armaments with the hard-won dollars of the American people. Thus, it will relatively weaken the ability of our Government and people to defend themselves should war strike us again.

These circumstances, Mr. President, are in the main the cause of my remarks today.

Mr. President, the Senator from Maryland continued, and said that he would not be willing to vote for a loan until some sort of arrangements had been made about repayment.

On top of her great problem of supplying her military needs of the present time, the United Kingdom has a huge social benefit program and a veterans' care problem which would almost sink any treasury. I think we can scarcely visualize the size of Britain's problems unless we take a good look at our own problems in those respects. We have a social benefit program and a veterans' care problem which are going to make this very rich Nation plenty of trouble in the years to come.

Mr. President, a moment ago I referred to the frozen and unpaid sterling balances. Those frozen and unpaid balances constitute claims on British production, and as such they become a powerful stimulus for British exports, if and when they are freed. Sterling area sellers must take British goods to collect their claims. But the United Kingdom cannot afford to sell her goods for a cancellation of war claims. She must sell for cash. Everyone realizes that she is merely the manufacturing middleman. If Britain had free raw materials or the money to procure raw materials, she would have no problem, and neither would the owners of the claims. But she

has neither free raw materials nor the unlimited buying power to acquire them, and that is where the shoe pinches. In my opinion the sterling area will receive no relief regardless of whether we make the loan. But if the loan is not made, it certainly will be the members of the sterling area who will hold the sack of the loan, and I agree with them that this is the sterling area's opportunity to gain the benefits of multilateral trading, even if their claims remain forever frozen. If they ever are going to bail out and ever are going to get this matter straightened out, it should be done before this loan is made. This is the time when the United States and the United Kingdom and the whole sterling area should be at work trying to find a solution of the frozen assets. But an American loan, if properly supported and supplemented, could and would bail out the whole sterling area. That should be our objective. If we are interested in multilateral loans, we should be at work trying to figure out some plan or some scheme for doing that.

Mr. President, I wish to emphasize the importance of the amount of the loan in connection with the size of the task we are undertaking. My contention is that Britain cannot liquidate her sterling commitments, consisting of upward of \$14,000,000,000 with a \$4,000,000,000 loan. It will require not less than \$14,000,000,000 to do this job, whether it be done on a piecemeal basis or otherwise. The question is, Are we ready to commit ourselves to a loan program of such dimensions? To undertake a tremendous task on an insufficient scale is penny wise and dollar foolish. Anything worth doing at all is worth doing well. Either we should hurl our whole might into solving Britain's sterling problem or we should remain aloof and let it resolve itself naturally. No one can do a fourteen billion job with \$4,000,000,000. The proposed token loan of \$4,000,000,000 is nothing more than a start in eliminating the sterling area's blocked currencies. Rather, this loan will perpetuate the bloc, as I have already indicated. Once the camel's nose of such a loan policy is in our tent, it will be merely a case of the United States throwing good money after bad. Always we shall have the bugaboo of the sterling area haunting us. In my opinion we never can establish a system of multilateral trading in the world until we solve this sterling area problem.

The sterling area was originally a loosely organized currency bloc consisting of governments which abandoned the gold standard in 1931. Originally it included Bolivia and Japan. At present it consists of the British Empire, its mandates, protectorates, and dominions, except Canada and Newfoundland. It also includes Eire, Iceland, and Iraq. During the year bilateral financial trade and currency arrangements have been made by the British with Belgium, Sweden, France, Turkey, Denmark, the Netherlands, and several South American countries. That is a matter to which the Senator from Indiana [Mr. WILLIS] referred a moment ago. Canada, in another type of bilateral agreement, has agreed to lend the United Kingdom a billion and

a quarter dollars, with the significant stipulation that all proceeds of the loan be spent in Canada. These last-named nations are not actually in the sterling area or sterling bloc. By treaty arrangement they would profit through a back-door association with the sterling area group. British statesmen, in vigorously pushing such bilateral agreements, are not displaying much confidence in the Bretton Woods agreements which were created to do this very thing on a world-wide multilateral basis.

In my opinion the present British bilateral agreements border on sharp practice and bad faith. The United Kingdom entered into the Bretton Woods agreements and signed them, and the very object of those agreements is to work out such problems on a multilateral basis. Yet even while signing the Bretton Woods agreements, they went ahead and prosecuted those arrangements with the countries of western Europe and with South American countries.

We should not make a loan to strengthen this vicious sterling area system without making some hard-boiled reservations of our own. I do not mean by that that we should make reservations to freeze the currency. Instead of freezing it, our efforts should be in the other direction. We should be trying to free it. Before the United States undertakes to bail out the whole sterling area, a conference should be held with all countries composing it and with the countries which recently have made bilateral agreements with the sterling area. They should be told plainly that they themselves must make a worthwhile credit contribution to help us wipe out this unfriendly institution to unrestricted world trade before we make the loan. Certainly it is to their enlightened self-interest to put their commerce on a free basis and to protect their own investments. If we do not make the proposed loan to the United Kingdom, their claims can never be paid. We should demand that they scale down those claims and forgive a sizable portion of their commitments before asking us to come to their rescue. For the United States Treasury to undertake this task alone is not only stupid, it is sabotaging our own magnificent effort to establish a multilateral trading system the world over.

Canada has proved that she is willing to help. The other component parts of the British Empire should do the same. The proposed loan to Great Britain is a bilateral concept. We must place our credits, as well as our trade, on a multilateral basis. To do otherwise is not only inconsistent but it is foolhardy. It seems to me, Mr. President, that is a mistake we are making. We are attempting to place trading on a multilateral basis, and then continue with credits on a bilateral basis. There is nothing consistent in that kind of a policy, and there is nothing constructive about it. It can only end in disaster. The two should and must go together.

I refer now to a discussion on that point which took place in the House of Commons. I read what Mr. Churchill

had to say on the 13th day of December 1945:

Here I must digress for a moment upon a matter which I have not heard mentioned, but which should certainly be taken into consideration. Many honorable members have said the American terms are severe; they are even harsh upon a debtor who has reduced himself to his unfortunate plight by his faithful, unstinted exertions in the common cause. But these considerations apply to other creditors, as well as the United States. We are told we owe £1,200,000,000 sterling to the Government of India and £400,000,000 sterling to the Government of Egypt. No proposal has come from either of those countries similar to the great measure of lend-lease. Everything has been charged against us, without the slightest recognition of the common cause. In the case of Egypt, she would have been ravaged and pillaged by the Italian and German armies, and would have suffered all the horrors and indignities of invasion and subjugation had it not been that we had defended her with our life's blood and our strong right arm. We are now told that we owe her £400,000,000 sterling. Is there to be no reconsideration of that? Are we not entitled to say, "Here is our countercharge which we set forth for having defended you from the worst of horrors?"

My colleagues in the late coalition know quite well that this is no new idea of mine. The same arguments apply to the Government of India. I especially reserved this matter in the Cabinet in 1942, when I saw with disquietude these immense debts mounting against us night after night. I sympathize with the United States line of argument in connection with the loan. They did not wish to be the only creditor of Britain who had to scale down his wartime credits and balances. I welcome the perfectly clear implication of these agreements—that it would be right and proper for Great Britain to insist upon a proper scaling down of these war charges, and that it is unreasonable for the Americans to be expected to pay large sums of money across the exchange, not with the object of getting Britain on her feet again as a going concern, which is a prime United States interest, but of enabling Britain to pay off other creditors against whom Britain has a far higher moral claim for easy treatment than she had against the United States. This, however, is all a matter which lies within our own hands, and I do not pursue it further in this debate.

Mr. President, I wish to God that Winston Churchill were a member of this body. In the House of Commons he makes a plea for us. We do not have sense enough and courage enough to go to Great Britain and tell her that we want this whole problem surveyed, and all of it corrected at one time, and that we will do our part. Winston Churchill, in his eloquent and forceful way, makes a powerful plea for us and for the entire world. I hope that we may listen to what he has said.

I now read another excerpt along the same line. This time it is Mr. Stokes who is speaking. This statement was made on the same day, namely, December 13, 1945. Mr. Stokes said:

The second is, Would it not be possible to arrange a loan in exchange for British credit for raw materials to be supplied from the British Commonwealth to America at some future date?

I recall that the Senator from Louisiana [Mr. ELLENDER] raised the same

question on the floor of the Senate a few days ago. He asked the Senator from Arkansas [Mr. FULBRIGHT] the very same question which Mr. Stokes asked.

Mr. Stokes continued:

They consume lots of tin and rubber.

He was referring to the consumption of tin and rubber by America:

Why it is not possible to arrange a loan to tide us over our immediate difficulty against goods which could be supplied from these areas at a later date? Has that been asked or considered, and if so, what was the result?

Third, has any effort been made to get what I call a collective-sterling group to approach the Americans with the view to getting a collective arrangement? Have the Dominions been consulted? It would seem to me that if the whole of the sterling group went as a body and said, "What sort of arrangements can be made?" we should have got a much more satisfactory arrangement than is the case now.

Mr. President, I am sure that a solution would have been worked out. The problem is the blocked sterling credits of \$14,000,000,000 which will soon amount to \$18,000,000,000. In this agreement we are leaving them hanging, and are freezing them until the 31st day of December 1948. We do not face the problem. We postpone it. We are asked to grant this loan to England, and in the same breath we are being asked to require that the sterling currencies be frozen and kept in cold storage until 2 years from now. That is what I am complaining about. I cannot see any logic in such a procedure. It is illogical. It is inconsistent, and it does not get us anywhere. It is not a sensible procedure.

The other day I noticed in the press that our own Henry Wallace had made a statement something along the same line with reference to a multilateral approach to problems instead of a bilateral approach or a unilateral approach which we are now attempting in this matter. The statement to which I referred was dated April 28, 1946, and was carried by a United Press dispatch from Boston. It reads as follows:

Secretary of Commerce Wallace urged today that the Big Three pool their resources to raise the standard of living in the Near and Far East instead of considering how to exploit those regions.

Speaking before the Massachusetts Independent Voters' Association, Wallace said that the first step in the proposed joint action of the United States, Britain, and Russia would be to have the British come clean. The British, he said, "are skilled in world affairs if they would only stop worrying about empire."

Wallace advocated a Jordan River Valley authority, modeled after the Tennessee Valley Authority, and available to Jews and Arabs alike. He also suggested an international loaning agency—

That is the point I wished to emphasize—

to channel private funds on a self-liquidating basis for the production of power and for flood control.

Cooperative action in the Near East and Far East, he said, would be successful only if all the nations involved would join in forgetting their political rivalries. He declared that only a temporary change in Amer-



ican eating habits could defeat starvation abroad.

The headline of the statement read, "British selfish, says Wallace." I do not agree with it. I think the headline should read, "America is foolish." She is not trying to work out the problems of the world on a collective basis. We should let others join with us. The sterling credits are the same as our lend-lease. We forgave, according to Britain, a \$15,000,000,000 balance of lend-lease. I think it is a little more than that, but it is at least that much, according to the British themselves. We wiped it completely off our books. Yet, Mr. President, nothing has been sacrificed concerning the sterling bloc, and nothing has been scaled down. The claims are maintained complete, and we evade them by putting them in cold storage.

Mr. ELLENDER. Mr. President, will the Senator from Colorado yield?

Mr. JOHNSON of Colorado. I yield.

Mr. ELLENDER. I listened with a great deal of interest to the statement against the British, attributed to my good friend Henry Wallace. Is it not a fact that Mr. Wallace is strongly in favor of the loan and is advocating it throughout the country?

Mr. JOHNSON of Colorado. I presume he is. I do not know that, but Mr. Wallace makes a statement that something should be done by a collective approach.

Mr. ELLENDER. Does it not seem inconsistent for him to be advocating the loan and then taking a shot, as it were, against the British, as he did in the article from which the Senator just read?

Mr. JOHNSON of Colorado. Yes; of course, it is inconsistent. It is inconsistent for Senators to stand on the Senate floor and claim they are friends of Great Britain and that they are advocating the loan because they are friends of Great Britain. I think I have read enough in the way of excerpts from the press of London, and from the statements of members of the House of Commons, to show that the loan is not being received on a friendly basis in England.

Mr. McCLELLAN. Mr. President, will the Senator from Colorado yield?

Mr. JOHNSON of Colorado. I am glad to yield to the Senator from Arkansas.

Mr. McCLELLAN. The Senator spoke about Secretary Wallace suggesting that we should undertake to solve the problems of international credit and rehabilitation, and the like, by collective arrangements and negotiations. I thought when we were passing Bretton Woods and establishing the International Bank and the International Monetary Fund, we were undertaking then to do that in the manner suggested by Secretary Wallace. Now we find it is said that even then it was contemplated that that would not meet the situation, that this Government would be expected—and we are now pursuing the expectation—to grant individual loans to different countries.

Mr. JOHNSON of Colorado. At the time the Bretton Woods agreements were before the Senate it was my under-

standing that we were going to approach the world-credit problem on a multilateral basis, that that was what the fund was for, and that that was what the International Bank would do. That was the proposal, that was the understanding. We heard nothing about this loan at the time the Bretton Woods agreements were before us. We thought we were finding a solution; and I considered it to be the right solution. I notice that some Britishers say that the fund is misnamed, that it should be also called a bank, and of course it should. But the fund and the bank were set up especially to work out international credits on a multilateral basis. That was the whole argument, and it was a good argument, a sound argument. I supported Bretton Woods, and I wish to continue to support the idea that is back of Bretton Woods. If the pending proposal were one to put more money into the International Bank and more money into the fund, I should not be here opposing it.

Mr. McCLELLAN. In other words, if that was the mechanism we all agreed upon, and which we understood at the time was to be set up by the nations which joined in the fund and in the International Bank, if we thought that was the right system to pursue at that time, it is still the best solution. If the funds required to do the job are not adequate as provided in the original measure, then we should expand those institutions, because they do have the authority, as I see it, to do much of what the British claim they want to do with the money obtained under the loan.

Mr. JOHNSON of Colorado. Of course. At least we should give the International Bank an opportunity to operate. It is set up internationally, somewhat along the plan of the RFC in this country. The RFC, contrary to some of the statements which have been made on the floor since the debate started, has loosened credit, and made credit available to businesses in the United States on such a scale as never was envisioned by any man, and it has done it with very little capital outlay. It simply guaranteed loans, the loans were made privately, and the money is repaid without very much loss, and with some profit. Although the RFC is not organized for profit, it has had no losses. It has saved countless railroads and big businesses and small businesses throughout the country by extending credit when credit was needed, on terms which could be handled by industry. All the loans are going to be paid back, and the RFC has put up very few dollars.

The International Bank is organized on the same basis. It is going to have guaranteeing capacity of approximately \$10,000,000,000. Of course, that can be extended. We do not want to start out with too big an idea, but the idea can be expanded, more capital can be found for the Bank, and its guaranteeing capacity can be increased until it can do the job which should be done.

Mr. President, it is a foolhardy arrangement we are getting into. Even before the Bank starts into operation, inside the orbit in which the Bank is

supposed to operate application is made for a bilateral loan.

Mr. ELLENDER. Mr. President, will the Senator from Colorado yield?

Mr. JOHNSON of Colorado. I yield.

Mr. ELLENDER. Is it not true that the same arguments advanced for the passage of the Bretton Woods proposals by the Senate are made for the loan? I am wondering why there should be such propaganda from our own Government. I have been in the Senate now 10 years, and it is very, very seldom that there is placed on our desks what we call propaganda on any pending measure. However, I find on my desk this morning a pamphlet entitled "We Quote," issued by the Committee on International Economic Policy in Cooperation with the Carnegie Endowment for International Peace. The pamphlet is addressed to all Members of this body, and on the envelope appears the following:

THIS IS OF INTEREST TO MEMBERS OF CONGRESS

It contains press editorials, special articles, views of churchmen, views of labor leaders, views of public-opinion spokesmen from your section of the country on the British loan agreement.

I cannot understand why there should be so much propaganda issued in regard to this matter.

Mr. JOHNSON of South Carolina. Mr. President, has the Senator from Louisiana read the pamphlet?

Mr. ELLENDER. I have not had time to read it through.

Mr. JOHNSON of South Carolina. Does the Senator find anything in the pamphlet which gives him any light against the loan?

Mr. ELLENDER. No; I am sure there is not anything, because it is all for the loan.

Mr. JOHNSON of Colorado. I thank the Senators for calling the matter to the attention of the Senate. So far as I am concerned, I want all the light I can get, I want all the information I can receive, from whatever source it may come. I am not at all afraid of being corrupted by propaganda, and while I have a pretty good-sized wastebasket and throw much material into it day by day, I do occasionally find in the chaff some wheat is very valuable to me.

I have never been afraid of lobbyists. In my experience in the State Legislature in Colorado and here in the Congress of the United States, I have always received a great deal of information from people called lobbyists, because sometimes they are very well-informed on certain points. We do not have to believe everything they tell us, as we do not have to believe everything that is in this pamphlet.

I notice that the committee, which issued the pamphlet, is incorporated, and that the board of directors consists of such men as Mr. Aldrich, the chairman, and many other bankers. Then there is a special committee, consisting of the heads of pressure groups in the United States.

I asked the Department of Commerce this morning how much money the people of this country had invested abroad, and I was told the amount was in excess of \$10,000,000,000, private investments,

private loans made by the banks of this country to industries abroad. That may disclose, to some extent, at least, the interest of some of the bankers in the pending question. They have loans abroad which they would like to be able to liquidate in time. They want to make them good. They are very anxious that this loan be approved and ratified for that reason.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. FULBRIGHT. I merely wanted to suggest that the only prominent editorial I have seen against the loan—and there appear many editorials in the pamphlet—has already been discussed at great length on the floor of the Senate. It is the one written by Jesse Jones, and published in the Houston Chronicle.

Further, I think it is not quite fair to say that the only people on this list are heads of pressure groups. John W. Davis is not the head of a pressure group, nor is the chairman of the board of directors of the General Electric Co. the head of a pressure group. I do not think Mr. Paul G. Hoffman could be considered the head of a pressure group.

Mr. JOHNSON of Colorado. I did not refer to all those named as heads of pressure groups. I referred to the special committee.

Mr. FULBRIGHT. Mr. Reed is on that committee. The president of the League of Women Voters is on the committee. I do not think it is proper to describe it as a pressure group. They have activities other than those connected with legislation or this particular legislation. This legislation is not important to them. It is not of profit to the League of Women Voters whether this measure is passed or not. I do not think it quite fair to describe them as forming a pressure group. Eric Johnston is president of the American Chamber of Commerce. Perhaps that is a pressure group. But I think it is generally accepted as a respectable organization. I do not think it fair to class William Green as a member of such a group.

The other day a pamphlet quite similar to this, prepared by Mr. Trevor, of the American Coalition, was widely distributed over the Senate Chamber, and, as I remember, the Senator from Louisiana did not complain.

Mr. ELLENDER. It was not placed on the seats of Senators by pages of the Senate, as this blue pamphlet was.

Mr. FULBRIGHT. It was placed on the desks of Senators. I do not know whether it was placed there by Senate pages or not. I do not see that there is any distinction between whether a Senator places a pamphlet on the desks or whether pages place the pamphlet on the desks.

Mr. ELLENDER. I did not see the pamphlet to which the Senator refers.

Mr. FULBRIGHT. That pamphlet was on every desk in the Senate Chamber. I saw it on the desks of Senators. If a pamphlet favorable to one side was placed on the desks of Senators I think it perfectly proper that a pamphlet in favor of the other side should be dis-

tributed. If we want to eliminate them all, that is another matter. I am not so sure that I would object to eliminating all such pamphlets. But I see no reason to criticize some literature in favor of the loan when there has already been placed on the desks of Senators a pamphlet against the loan. The fact that the number against the loan is very limited is simply a reflection of the widespread support of the loan.

Mr. JOHNSON of Colorado. Mr. President, I thank the Senator for his expression of opinion. I still think that many of these organizations are pressure organizations. I did not mean the term in any offensive way. I meant it in a descriptive way.

Returning to the suggestion of the Senator from Louisiana with regard to what we might be able to obtain in the way of a contribution towards multilateral credits from some of the component parts of the British Empire, I have a clipping from a Denver mining periodical in regard to the ore which is being produced in South Africa, and I should like to place it in the RECORD at this point. I shall not impose on the time of the Senate to read that news story into the RECORD, but it is important, and the British Government itself has an interest in the gold-mining industry of South Africa.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

**SOUTH AFRICA GOLD STRIKE HAS STIMULATED MINING—ORE WORTH \$2,170 PER TON IN METAL IN NEW PROPERTY—GOLD MINING SHARES MAKING SENSATIONAL ADVANCES AS RESULT OF STRIKE**

**JOHANNESBURG, SOUTH AFRICA.**—A wild gold rush and feverish speculative buying is sweeping South Africa with the reported rediscovered secret of a fabulous strike in northwestern Orange Free State.

The gold fever was fanned to epidemic proportions by announcement by Western Holdings, Ltd., a mining firm, of deposits yielding 62.6 ounces of gold per ton of ore in early tests—about \$2,170 a ton. The usual yield here is a quarter ounce per ton.

Buying orders from the United States for Orange Free State gold shares were one of the features of the Johannesburg Stock Exchange activity yesterday. "They must be dreaming over there of the California gold rush," one broker commented.

For years the secret had been locked in the graves of two forgotten prospectors who were said to have found a rich deposit near the surface close to the little village of Odendaals-Rust.

#### SCRAMBLE IS ON

Speculators rushed to the area near Odendaals-Rust, while in this capital business was virtually at a standstill as many joined a mad scramble to buy property in the neighborhood of the strike.

(On the London Stock Exchange, Johannesburg gold-mining shares soared to record highs. In the first hour of trading the market valuation of securities of the seven leading South African companies jumped by \$50,000,000. Gold mining has been stimulated over the entire world by the big boom in gold shares on the London Stock Exchange.)

The area near the village is filled with people milling about in search for property in scenes reminiscent of the wild days of California, the Klondike, and Cripple Creek.

FROM \$20 TO \$4,800

Farmers who once had difficulty scraping a bare living from the unproductive soil now are gathering option money running into millions of pounds. The streets of the little village are crowded with people offering \$4,800 or more for tiny plots which once would have sold for \$20.

Fortunes were being made and lost in a matter of minutes as prices fluctuated wildly. In Johannesburg, clerks, typists, merchants, and brokers joined the rush, and there was scarcely a person to be found without a story of good or bad luck. Prices steadied somewhat during the day, but the floor of the exchange was jammed.

The two prospectors who made the discovery years ago died without disclosing the exact location.

When big mining companies came into the field, they sank bore holes over a wide area. But thus far the only strike was the one reported Wednesday.

#### TEN MINES SEEN

Preliminary observations indicated the new field might accommodate 10 mines. But completion of shafts will require years of development. Railways are busy with surveys to link the village with the nearest line, 30 miles away. Power lines must be built to Vereeniging, 120 miles distant. Water must be piped at least 50 miles.

The strike recalled the rich Witwatersrand vein, now running out. It was discovered in 1886 and by 1936 had produced 1,200 tons of gold, worth \$4,800,000,000.

Mr. JOHNSON of Colorado. I should now like to call the attention of Senators to an article which I found in The Index, which is published quarterly by the New York Trust Co., of 100 Broadway, New York. The article deals with the blocked sterling balances. It goes into their origin and their operation:

#### BLOCKED STERLING BALANCES—PART I: THEIR ORIGIN AND OPERATION

One of the difficult international problems—

According to this article—

arising out of the war for which a solution is now being actively sought is that of dealing with the blocked sterling balances of Great Britain. The negotiations for a loan from the United States to Great Britain recently completed in Washington centered around these balances. As the result of the negotiations, it has been announced that a proposal will be placed before Congress for a \$3,750,000,000 line of credit with an additional \$650,000,000 to close out Britain's lend-lease account.

This is found in the winter issue of the Index.

This and other factors make the solution of the sterling balances problem of great interest to the United States, since it vitally affects the economic and commercial relationships of this country not only to the United Kingdom but with the other countries of the sterling area. Its bearing upon the postwar foreign trade of the United States will influence our domestic economy.

According to this story.

Finally, without a solution of this problem the general stabilization of exchange rates, removal of exchange controls, and the establishment of world trade on a multilateral basis would be difficult if not almost impossible of achievement.

Those are the objectives. All of us, I know, must agree that it would be a splendid thing for world trading, a splendid thing for the future peace of the



world, if some solution might be found for the blocked sterling balances. If anyone should pick up this periodical and read it he would jump to the conclusion, as I did when I first read it, that the agreement we have before us would provide a solution to the blocked sterling currencies. I thought that is what this was all about at first, until I began to look into it. In the same periodical, in the very back of it, something else may be found. Senators have seen insurance contracts with large type on the face, the part the company wants one to read, and then the part they do not want one to read is put in fine type in some obscure place.

In the back of this publication, *The Index*, I find this statement, which I have already read into the *RECORD*, but I am going to read it again because it is all-important. This is in section 7 of the financial agreement between the Governments of the United States and the United Kingdom. This is in fine print. Everything is taken care of except the very thing that needs taking care of. They worked out all the sterling problems except the only problem that the sterling area has, and the only problem that the world has, in connection with that problem. Here is the exception; here is the thing that the agreement does not do; here is the fine print:

Apart from any receipts arising out of military expenditure by the Government of the United Kingdom prior to December 31, 1948, to the extent to which they are treated by agreement with the countries concerned on the same basis as the balances accumulated during the war.

That is the proviso which puts blocked currencies in cold storage until December 31, 1948. That is the problem we wanted solved; it is the problem that needs to be solved; but it is the problem which is not solved—merely postponed.

I ask that the remainder of part I of the article in *The Index* be placed in the *RECORD*. It is very comprehensive, outside of the misleading conclusions that one is apt to acquire in reading it hastily that the agreement does solve the blocked sterling balances. It furnishes a table of "Sterling Balances and Offsetting Sterling Debts by Owning Countries," and the debts of the United Kingdom to the nonsterling area are all listed. It goes on to describe how these debts were acquired, and for what purposes.

There being no objection, the remainder of part I of the article was ordered to be printed in the *RECORD*, as follows:

This article will attempt to explain briefly the origin of the blocked sterling balances, the history and operation of the sterling controls, some of the proposals made to deal with the balances, and to relate these matters to our own situation in the United States.

#### ORIGIN OF THE BALANCES

The blocked sterling balances, according to the best available estimates, amount at present to about \$14,000,000,000. To this should be added another \$4,000,000,000 representing the probable accumulation, during the transition period of reconstruction, of debits in Great Britain's balance of payments. As a partial offset to this total of some \$18,000,000,000, it is estimated that Great Britain has acquired balances in this country of approxi-

mately \$2,200,000,000 through the operations of the so-called "dollar pool."

While they grew out of the war, the sterling balances are not, in the strict sense of the term, war debts. They are inter-bank balances arising out of commercial and foreign exchange transactions. To acquire needed dollar resources, goods and services, the British gave sterling credits in the Bank of England to the central banks of the countries owning the balances which paid out their own local currencies to obtain the foreign exchange, goods or services, or accumulated foreign exchange in other ways, such as by exports. These balances are now blocked, being payable only in sterling or British production, and are not freely interchangeable into other currencies. Since Britain does not have the gold, foreign exchange, or exports to settle the balances at present without disturbing her economy, potential purchasing power which might be used to buy goods in foreign trade is not now available to the countries owning the balances.

In 1939, when Great Britain realized that the Empire could not supply the materials needed to prosecute the war and maintain her civilian economy and that these would have to be purchased from the United States, the only country from which such materials could be obtained in requisite volume, it became apparent that British dollar resources would have to be conserved and used most effectively.

To accomplish this Britain required the members of the Empire to credit to London all dollars acquired, in return for which London was obligated to supply from the dollar pool so formed the dollars needed to buy all materials that could not be furnished within the sterling area. The dominions, with the exception of Canada and the satellite countries, such as Egypt, accepted the same provisions.

The plan not only concentrated in London all dollar resources but all trade by the sterling area with the United States. From the time it became effective, all purchases by sterling-area countries were contingent upon definite proof that the materials could not be furnished within the sterling area, that they were essential to maintaining the civilian economy and that no satisfactory substitutes were available.

Freedom of trade between the sterling area and the United States, thereby denied, has not been restored as these restrictions are still in operation.

#### OPERATION OF STERLING CONTROLS

A corollary effect of this war move by England to control dollar resources was to cause international balances of the independent countries in which England made large purchases to tend to be carried in sterling. Since she could not afford to give up either gold or dollars to pay for the purchases, England induced these countries to take sterling in payment. In the regions where it was necessary for the United Kingdom to maintain armies, local currencies were obtained for the purpose by having the central banks of the countries issue local currencies against sterling at a fixed rate. As a result, the support of the currencies in many of these countries today is sterling. Since sterling is only a claim upon British production, except as London decides to release gold or dollars against it, the trade of these countries will tend to be with Great Britain as long as the sterling controls remain in effect.

Even after lend-lease started, there was no relaxation of the sterling controls, which varied greatly in their impact upon the various countries. For example, countries such as Egypt, with an unfavorable dollar balance in most years, can now get more dollars from the pool in London than would normally be

acquired through trade. On the other hand, countries like Palestine, which obtains through exports, remittances, and advances more dollars than London permits her to spend, must restrict imports from the United States in favor of those from England. For all the countries, however, England in the long run determines how many dollars can be used in supplying their needs which cannot be met within the sterling area, thus reducing the possibilities for the United States to increase our trade with them.

#### CHARACTERISTICS OF THE BALANCES

The current blocked sterling balances are owned primarily by central banks of countries within the sterling area, are deposited chiefly with the Bank of England, and in many instances constitute part of the currency reserves of the owning countries. Estimates of these balances and the outstanding sterling debts of the owning countries which may be considered offsets are listed below:

*Sterling balances and offsetting sterling debts by owning countries*

[In millions of pounds]

	Sterling balances	Outstanding sterling debt	
		Government	Provincial or corporation
<b>Sterling area:</b>			
India.....	1,240	—	7
Australia.....	250	281	82
Eire.....	230	22	—
New Zealand.....	62	115	4
South Africa.....	46	5	16
Egypt.....	340	—	—
Malaya.....	90	4	—
Palestine.....	80	3	—
West Africa.....	35	65	—
East Africa.....	25	—	—
Iraq.....	65	—	—
Iceland.....	11	—	—
Other currency boards.....	38	—	—
<b>Total.....</b>	<b>2,512</b>		
<b>Nonsterling area:</b>			
Canada.....	186	—	19
Argentina.....	110	10	12
Brazil.....	45	93	21
Portugal.....	82	6	—
Uruguay.....	10	25	—
Iran.....	14	—	—
Greece.....	43	29	—
Norway.....	65	3	—
Belgium.....	20	11	—
France.....	40	—	—
<b>Total.....</b>	<b>585</b>		
<b>Grand total.....</b>	<b>3,097</b>	<b>672</b>	<b>161</b>

The balances were created chiefly by:

1. Imports into Great Britain paid for in sterling, largely government buying of commodities.

2. British purchase of goods and commodities in sterling in overseas markets, such as the purchases of the entire cotton crop of Egypt and the entire wool clips of Australia and New Zealand.

3. Acquisition of United States dollars and other useful foreign currencies by the Bank of England, arising out of exports from sterling area countries other than Great Britain to the United States and other countries outside the sterling area.

4. Acquisition of dollars from the expenditure by United States servicemen in the sterling area other than Great Britain.

5. Expenditures by the British armed forces in countries in the sterling area outside Great Britain.

6. Acquisition of United States dollars resulting from remittances and advances to

sterling area countries other than Great Britain from countries outside the area.

In other words, aided tremendously by lend-lease, and profiting by her experience in World War I, Great Britain has avoided any really large external debts during this war by paying for required goods and services in sterling. In the process, sterling balances accumulated in England by extension of sterling credits to cover the goods and services paid for in local currencies by the owning countries and also to cover the acquisition of dollar resources from these countries.

British exports which reduce the balances actually represent savings by the British economy, since the balances, like those in British banks originating in the ordinary course of business, amount to claims on British production. The cost of the exports which settle these claims abroad consists largely of British labor, materials, power, and overhead, because the share of the imported raw materials in the export costs in most instances is relatively small. Even for cotton textiles the imported cotton is estimated to represent only 25 percent of the export prices. Consequently, Great Britain regards the balances as a potential stimulus for exports, and apparently has used them as assets in the negotiations for a loan from the United States.

The largest balances, owned by India, Eire, and Egypt, can be liquidated in ordinary trade only over a long period of years. India's balances, estimated at £1,240,000,000, are used in part as a currency reserve, providing the exchange resources for linking the rupee to the pound. Eire's balances, totaling £230,000,000, likewise comprise in part the country's currency reserve. The Australian balances of £250,000,000 and the New Zealand balances of £62,000,000 include wool bought by the British Government and awaiting resale, estimated to amount to £120,000,000. The Australian balances, which also constitute the country's currency reserve, are more than offset by sterling debts of £363,000,000. Egypt's balances, amounting to £340,000,000, include British purchases of cotton stocks currently being held in Egypt and are otherwise partially accounted for by the relatively large Allied military expenditures in Egypt.

#### ENGLAND'S NEED FOR IMPORTS

While lend-lease to England and the Empire decreased her immediate need for dollars, its effect upon her export trade increased England's need for dollar reserves, which have risen from about \$200,000,000 at the beginning of lend-lease to about \$2,000,000,000 at present. Under lend-lease England could get imports without going through the normal process of exporting goods to pay for them, and in this way she could concentrate her industry pretty largely upon the primary task of producing goods to meet war needs. As a result, England's export trade has decreased to about one-third of its prewar volume. Since England "must export to eat," a decline in exports results in a lower standard of living.

This situation helps to account for the protest that arose in England upon the cessation of lend-lease at the end of the war. When lend-lease ceased, no substitute was available for the portion of lend-lease goods, such as foodstuffs, previously devoted to meeting the needs of the civilian economy. No substitute will be available, in all likelihood, until reconversion has proceeded far enough to provide England with enough goods to maintain the standard of consumption at the prewar level. Consequently, the British standard of living, drastically lowered during the war, has not been materially raised by the coming of peace, nor is it likely to be raised without outside help for some time.

Thus, the whole problem of the sterling balances is closely linked to British import

needs. Britain must import even a major portion of the raw materials required for the functioning of modern industry within the British Isles. In addition, she must import agricultural foodstuffs in large volume in order to live. Before the war Great Britain imported approximately two-thirds of her food requirements. Through intensive cultivation and curtailment of consumption during the war, she was able to produce about two-thirds of her food requirements. The wartime diet, however, is not expected to be satisfactory for long, nor can British agriculture compete successfully with producers of bulk commodities in other countries. Even in the field of dairying and meat raising, where considerable success was met during the war, large quantities of animal foodstuffs had to be imported.

In prewar years British imports tended to increase in proportion to advances in the national income. Britain spent 22 percent of net national income upon imports in 1937, as compared with about 5 percent in the United States. In 1929 the ratio in Great Britain was 28 percent and in 1913 it was 29 percent.

Britain's dependence upon imports is so great that even during the depression these tended to decline far less in volume than did her exports. At the lowest point of the depression, British imports were only about 11 percent below the 1929 level in volume, whereas her exports decreased by 36 percent.

These purchases were paid for by exports, overseas investments, and such services as shipping, insurance, and banking. In 1937 Britain's exports accounted for only 54 percent of her retained imports, with overseas investments paying for about 20 percent, shipping services 13 percent, and miscellaneous services for the remaining 13 percent. Normally, somewhere in the neighborhood of 40 percent of Britain's imports were paid for by investment and service income, so that these factors have an important bearing upon the British trade position. During the war, however, Britain sold some of her investment holdings in this country and elsewhere, thereby reducing her income in addition to the cut suffered by loss of exports.

Even before the war there were many indications of significant changes taking place in the British financial and economic position, and particularly in some of these fields. It had become clear, for example, that the once great opportunities for large-scale investment of British capital abroad were no longer open, at least for the time being, even though England's net income from overseas investments in 1938 amounted to £200,000,000. Shipping services, sensitive to fluctuations in world trade activity, decreased by about 50 percent between 1929 and 1933, while between 1933 and 1937 this source of income practically doubled—amounting in 1937 to about £130,000,000. The need, therefore, of a major reorganization of the basic exporting industries had become plain if Britain were to continue to carry on the volume of foreign trade upon which her existence as a major power depended. Technical improvements were made in these industries and a drive for markets begun. Some success attended these efforts but the war prevented definite evidence being returned that would show whether Great Britain is to continue to be a major competitor in foreign trade, especially in the freer foreign markets proposed in the Bretton Woods agreement.

#### BRITISH BALANCE OF PAYMENTS

At any rate, Great Britain is no longer a creditor nation, but a debtor, without either dollar or gold reserves sufficient to permit the sterling balances to be exchanged into dollars, francs, or any other currency. To settle the balances would require about \$14,000,000,000, a sum larger than the total value

of British merchandise exports for the 7 years preceding the outbreak of the war. In gold and dollar reserves Britain has only about one-fifth of that amount, if the highest estimates available are accepted as accurate.

#### PROPOSALS FOR HANDLING THE BALANCES

It has been reported that one of the considerations during the loan negotiations is that part of the loan be earmarked for the liquidation of part of the blocked sterling balances so that Britain may thereby induce the Commonwealth countries owning the balances to forgive at least part of the claims as a contribution to the war effort and for the additional reason that the balances were built up at inflated war prices. Should this arrangement be completed, the unblocked sterling would constitute purchasing power for United States products available to the Commonwealth countries.

One of the proposals discussed, it is reported, assumed that the United Kingdom will be able to prevail upon the Commonwealth countries to scale down their balances by one-third in return for the placing at their disposal of 10 percent of the balance in free exchange and funding of the remainder at long term—possibly for a period and under conditions similar to the arrangements with the United States. As yet no negotiations with the members of the sterling bloc have occurred.

Alternative suggestions are understood to include the purchase of sterling balances in London by the United States Treasury against dollars thus financing Britain's current needs, leaving the blocked sterling balances to be funded or arranged within the Empire; also the purchase by the United States Treasury, and other countries, or their nationals, from Britain's sterling creditors for dollars of long-term sterling bonds at a heavy discount.

Should the owning countries refuse to write down their balances, alternative suggestions are said to include the following:

1. That governments of the countries owning the balances take over the claims and arrange with Britain for their funding and reduction over a long period at an interest rate low enough to permit the interest charges to be met with amortization from British production of goods and services.
2. That the new International Bank or Monetary Fund make dollars and other currencies available against the blocked balances, in return for which the British Government would agree to retire the balances over a long period out of goods and services.
3. That the British Government pronounce certain balances or parts of them inconvertible into other specific currencies and let them work themselves out over the years, so that Great Britain could enter the International Monetary Fund relieved of the problem of the balances, with the understanding that all current transactions and future balances would be freely convertible into all other currencies.

Mr. JOHNSON of Colorado. This is something I wish to call to the attention of those who are interested in king cotton. The Senator from South Carolina [Mr. JOHNSON] I know is very much interested in this. The article says:

The Australian balances, which also constitute the country's currency reserve, are more than offset by sterling debts of £363,000,000. Egypt's balances, amounting to £340,000,000, include British purchases of cotton stocks currently being held in Egypt and are otherwise partially accounted for by the relatively large Allied military expenditure in Egypt.



That is, the United Kingdom which purchased the cotton of Egypt and had it in storage in Egypt, had paid for it with these claims which are deposited in the Bank of England. The cotton is in storage in Egypt, and the United Kingdom have title to it, and whenever they get read to use it they will have it shipped to them. The American cotton grower who expects to sell cotton to Great Britain should remember that Great Britain, or the United Kingdom, have an enormous supply of cotton now in Egypt that belongs to them, and it will be shipped to England whenever England is ready to use it.

Mr. FULBRIGHT. Does the article indicate how much it is?

Mr. JOHNSON of Colorado. No, it does not. It says the total is \$340,000,000.

Mr. FULBRIGHT. Of cotton?

Mr. JOHNSON of Colorado. No; it says:

include British purchases of cotton stocks currently being held in Egypt and are otherwise partially accounted for by the relatively large allied military expenditures in Egypt.

So the \$340,000,000 represent not only the total cotton crop of Egypt, but also some military expenditures in Egypt. I think that is a matter which ought to be called to the attention of the cotton producers who are very much interested in this loan, because they think that it is going to help them sell cotton to Great Britain.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. FULBRIGHT. Is it not true that we buy some Egyptian cotton? There is no secret about the British always having bought cotton in Egypt, but there are certain special types of Egyptian cotton which some of our mills have bought in the past. It is certainly nothing new. We have all known for years that the British have always bought cotton from Egypt and India.

Mr. JOHNSON of Colorado. The only thing new about it is that some of the cotton producers in the United States believe that as soon as the loan goes through they will have a great cotton market in the United Kingdom. The United Kingdom not only has cotton stored in Egypt, but it has large supplies of cotton in India as well. That cotton was taken on the same basis; and that is perfectly all right.

Mr. FULBRIGHT. My only point is that even when we sold a great deal of cotton to Great Britain 20 or 30 years ago, at that time she bought cotton from India and Egypt. There is nothing new about it.

Mr. JOHNSON of Colorado. There is nothing new about it except that it has not been considered in connection with this loan by some of those interested in cotton.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. JOHNSTON of South Carolina. Is it not true that on every pound of cotton which England buys from us we must pay her so many cents to get her to take it? We now pay a subsidy of 3

or 4 or 5 cents on every pound, to meet competition.

Mr. JOHNSON of Colorado. My understanding is that we do have to subsidize exports of cotton; and that brings up another point. My understanding of this agreement is that subsidies paid on exports of cotton from this country are prohibited. They are supposed to be trade discriminations, and we shall not be able to subsidize our exports of cotton under the agreement.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. FULBRIGHT. I do not believe that to be true. I do not know of anything in the agreement that would prohibit subsidies.

Mr. JOHNSON of Colorado. If the Senator does not believe that paying subsidies on exports is discriminatory, then, of course, he does not agree with my statement.

Mr. FULBRIGHT. The agreement does not deal with tariffs. It involves no agreement with respect to tariffs or subsidies. Does the Senator agree with the Senator from South Carolina that we pay the British 4 cents a pound to take our cotton?

Mr. JOHNSON of Colorado. Whatever subsidy we pay on cotton which we export.

Mr. FULBRIGHT. Do we pay it to the British?

Mr. JOHNSON of Colorado. In effect, we pay it to whomever we export it to. We make it possible for them to buy our cotton. A subsidy is in reality a payment to a foreign nation. We sell cotton abroad for less than we sell it to our own people.

Mr. FULBRIGHT. I merely asked to whom we paid the subsidy. The Senator from South Carolina stated that we paid the British 4 cents a pound to take our cotton.

Mr. JOHNSON of Colorado. We pay it to whomever we ship it.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. JOHNSTON of South Carolina. The British would not buy our cotton if we did not pay 4 or 5 cents a pound on each pound they buy, would they?

Mr. JOHNSON of Colorado. No; they would not pay the American price.

Mr. JOHNSTON of South Carolina. So in principle, if we do not subsidize the exportation of cotton, the British will not buy any cotton. That is the point I am bringing out.

Mr. JOHNSON of Colorado. That is correct; and under the agreement which we are entering into we would be prohibited from doing that sort of thing, because that is a trade discrimination. It is a dumping of our goods.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. BREWSTER. The other afternoon when this subject was discussed there were no cotton authorities in the Chamber, so I think we were rather at a loss to know how this agreement would operate with respect to cotton. I have

been very much interested in finding out. Perhaps the Senator from Arkansas can explain to us how, under the theory of freedom of international trade, our practice can be distinguished from dumping.

Mr. JOHNSON of Colorado. I am sure that it is a form of dumping.

Mr. BREWSTER. I do not believe the Senator from Arkansas so regards it.

Mr. JOHNSON of Colorado. I am glad to yield to the Senator from Arkansas.

Mr. FULBRIGHT. It is my understanding that it is a form of dumping, a practice which we agreed to abandon in 1938; but we persisted in doing it. However, it is not my understanding that we pay the British anything to take the cotton. We reimburse our exporters to the extent of 4 cents a pound, I believe, and the British pay what is equivalent to the world price for the particular quality of cotton. But, if I remember correctly, we agreed not to do that.

Mr. BREWSTER. Then the Senator does not see any distinction in principle between that practice and the dumping which we agreed not to do?

Mr. FULBRIGHT. In practical effect I see very little difference. My only point is that this agreement does not change the practice which we have been following for the past 8 or 10 years. It does not change any tariff. It merely contemplates that if and when there is an economic conference—and I understand that one is anticipated for this summer—these questions may be discussed. It is contemplated that some agreement may be arrived at. There is nothing in this agreement to change tariffs in any way or to change the practices referred to.

Mr. BREWSTER. As I read the spirit of all these agreements they look toward what is called the freeing of trade from all hampering restrictions and unfair practices.

Mr. FULBRIGHT. Yes.

Mr. BREWSTER. Dumping has always been considered an unfair practice, has it not? Has not that been the theory?

Mr. FULBRIGHT. I believe that is correct.

Mr. BREWSTER. Mr. Will Clayton, Assistant Secretary of State, has repeatedly declared his firm opposition to that whole policy and theory, has he not?

Mr. FULBRIGHT. That is correct.

Mr. BREWSTER. Is it now in contemplation by those primarily concerned with cotton that they will follow Mr. Clayton's theories or continue the prevailing practice?

Mr. FULBRIGHT. That is a matter to be decided entirely apart from this particular loan. I do not know what will happen in that field. Generally speaking, I believe that most of those in the South—I would not undertake to speak for most of the people in the South—but I will say that some feel that the solution of the cotton problem is not in increasing or maintaining subsidies, but in lowering the cost of production, primarily through mechanization, so that we can compete on an economic basis over a long period. What will happen in the immediate future with respect to continuing a subsidy or increasing it I do

not know; nor does this loan agreement attempt to dictate. That is the only point which I make.

Mr. BREWSTER. Coming from the North, where we have been disciples of protection against the prevailing free-trade theory of other sections, I have been somewhat startled and concerned to find those who had always been disciples of freer trade sheltered behind an absolute quota, which is considered in all circles the very worst form of protection. I wonder whether or not the Senator from Arkansas, in his advocacy of these measures, subscribes to that philosophy?

Mr. FULBRIGHT. To quotas?

Mr. BREWSTER. Yes.

Mr. FULBRIGHT. No. I think the closer we can approach freer trade the better it will be for everyone concerned. I do not believe for a moment that we should tomorrow try to abolish all tariffs or restrictions. It is a very gradual process. But I believe that all of us would benefit by what I call a better opportunity to trade. There are many instances, some of them connected with national defense, in which we cannot abandon our present practices. There are a great many aspects to be considered in connection with each type of restriction which it is proposed that we abandon. Some industries require protection. I do not believe that the picture is all black or all white. I do not believe that the attitude of the Southerner must be that of absolutely no restrictions, or, on the other hand, complete self-sufficiency. The correct policy lies somewhere between those two extremes. The emphasis is on fewer restrictions. During the 1930's especially there was a very rapid return to the theory of self-sufficiency, and the idea of trying to barter only for specific articles. There was no freedom of trade. Everything was managed and protected, I believe primarily with the objective of self-sufficiency for the prosecution of war in that instance.

Mr. BREWSTER. The Senator speaks of the period of the 1930's. During that very period the United States was pursuing a policy of seeking to eliminate barriers, and was extending very generous concessions to other countries in an effort to achieve that end. Yet, as I understand the Senator from Arkansas, during all that period, restrictions, instead of being removed, were accentuated. Is that a fair appraisal?

Mr. FULBRIGHT. Particularly with regard to Germany. I do not believe that our reciprocal trade agreements had the slightest effect on Germany. She built up her bilateral barter agreements with most of the countries of eastern Europe, and with some in South America. Of course, Russia was not involved in that operation. So the area of application of the reciprocal trade agreements was relatively small. Within the area where we were able to make that policy work at all, it did make some progress; but that was not a very large area. The agreement before us seeks to enlarge the area in which there will be permitted some free opportunity of

trading, particularly by private individuals.

Mr. BREWSTER. In which direction would the Senator from Arkansas think we were moving to the extent we adopted State trading?

Mr. FULBRIGHT. I disapprove of State trading. I think that is a move in the wrong direction.

Mr. BREWSTER. While we are considering this agreement our most important single customer wipes out the private purchase of cotton, which is the most important single item of our exports. How does the Senator reconcile that with his theory?

Mr. FULBRIGHT. She did not wipe it out. She merely extended the system pursued during the war.

Mr. BREWSTER. I understand that that was a war measure.

Mr. FULBRIGHT. Whether or not she will continue that policy indefinitely, I do not know. I believe that that is a sample of what will take place to a greater and greater extent if agreements along the line of the agreement before us are not made.

Mr. BREWSTER. How does the Senator appraise the significance of the British Labor Government having announced this policy while this loan was pending? Is it an indication that if they had adopted it after the loan were completed, it might have been considered bad faith on their part? They have appraised us that this is the policy which prevails at present, and we must assume that it may continue. We cannot complain if it does continue. If we approve the loan and they continue the State purchase of cotton, certainly we will have done it with our eyes completely open. Is that a fair statement?

Mr. FULBRIGHT. We certainly would, as to cotton.

Mr. BREWSTER. With this principle established with respect to the most important single item of our exports to Great Britain, is there any reason why the British could not extend the same policy to other segments of their economy without any violation of good faith toward us if, in the course of time, it should be necessary in the protection of their interests?

Mr. FULBRIGHT. The purpose of the loan, of course, is to avoid the necessity for her doing so. She has not received the loan. The conditions under which she is operating today are very stringent and very severe. Of course, I cannot guarantee, and no one else can guarantee, what she will do in other areas of business. I can only refer to the fact that she reached her greatest period of prosperity under free trade, and has always been an advocate, relatively speaking, of free trade—that is, freer than any other great trading nation. That was the basis of her prosperity. I believe that everything indicates that, so far as it is at all possible, she will pursue that policy in the future. But there is no absolute assurance that any of these things will come about. I do not pretend absolutely to assure the Senator that this plan will solve the problem. I only say that, as between

the two alternatives, we would at least give free trade an opportunity in this way. I refer to freedom of opportunity to individuals and private interests to trade. Under the other plan I do not believe that there would be any opportunity. It is a gamble; and I am not here to guarantee anything. I do not believe that that is the spirit of any of the proponents of this measure. It is simply a choice between some very difficult alternatives—not only in this field, but in our own domestic-labor field. I believe that this plan involves the least risk.

Mr. BREWSTER. How would the Senator appraise the significance if 1, 2, or 3 months after this loan were completed—assuming that it were completed—Britain had then adopted the policy which she has now announced, of State trading so far as cotton is concerned? Would he consider that a somewhat questionable procedure?

Mr. FULBRIGHT. It would depend entirely upon an examination of the merits of why she had to do it. I do not know why she thought she had to do it. The Senator from Maine is examining me on something I do not know about. I do not know why she had to do it, at this particular time. But the purposes of this particular loan would not be advanced by adding further restrictions.

Britain specifically agrees to remove certain of the restrictions within 1 year. The agreement mentions that step, but not the one the Senator from Maine has mentioned.

Mr. BREWSTER. Mr. President, I think the Senator from Arkansas should not be too modest in referring to his knowledge of the British trade situation, since it is on the basis of the prospects in that regard that we are being asked to approve a \$4,000,000,000 loan. If the Senator from Arkansas is entirely unaware of the reasons which impelled the British to announce 2 weeks ago that the private cotton exchanges would be abolished, I think that does affect the standing of the Senator from Arkansas as a cotton expert and an expert in this field.

Mr. FULBRIGHT. Mr. President, I am sorry the Senator from Maine considers me to be an expert on British trade. I never have professed to be. I am merely a member of the committee, many of the other members of which do profess to be experts on the matter. On the committee I am associated with the Senator from South Carolina, who does know the cotton business and who in this instance agrees with me regarding the effect on the cotton industry.

But as I said before, Britain has not suddenly taken a divergent view of the situation with regard to the Liverpool Cotton Exchange. She will now purchase cotton wherever she can obtain it at the best price, and that is the way she purchased cotton all during the war. She simply decided to continue it. She did not say she never will return to private trading in cotton. I do not know whether she will or not. But from all evidence we had in the committee, it is



perfectly certain that if she is not able to obtain a substantial loan similar to the one now pending, that practice will be a necessary part of her economy. I think it is perfectly evident that that will be the case, for she does not have any choice about it.

She is forced to conserve her assets and to decide very carefully where to buy, and especially she must be careful not to squander her dollar resources or her gold resources—not because of any enmity or dislike of this country, but because of economic necessity which is imposed upon her because of a limited amount of exchange. It grows out of a situation which is not inconsistent with the history of our trade relations over the period of the past 30 years. We have always had a favorable balance of trade with England. Usually we sold her approximately \$500,000,000 worth of goods, and we purchased from her about \$150,000,000 worth of goods. A part of the difference was made up by tourist trade and some invisible matters, but the two never balanced. She was able to approximate balance by trading with other nations. But we have eliminated that possibility by requiring her to engage in bilateral trade.

Mr. BREWSTER. I did not mean to question the realistic way in which the British must approach this situation. I think we must be equally realistic in realizing that whenever the beneficial effects of this loan are exhausted, the British must then continue their trade with primary consideration of their own economy and the development of their world relations.

Mr. JOHNSON of Colorado. Mr. President, I thank the Senators for their discussion of a very interesting and important feature of this whole controversy. I am especially pleased with the frankness of the Senator from Arkansas in admitting that this agreement does not do anything specific insofar as dumping and subsidy payments and tariff considerations are concerned. I should like to ask him what it does with respect to Imperial preferences.

Mr. McMAHON. Mr. President—

Mr. JOHNSON of Colorado. I should like to yield to the Senator from Connecticut, and I shall do so if he will wait for a minute or so. I wish to have the Senator from Arkansas answer my question, and then I shall yield.

Mr. FULBRIGHT. It does require a change. Imperial preference is but another name for a tariff on the other side, as I understand. As I have said, it is contemplated that the British will agree to have a conference in which the matter will be considered. If any change is made in our tariffs or in their tariffs, it will be as a result of such negotiations. It is simply contemplated that they will do that—but only by agreement. There is no binding understanding that either one will change it.

But the agreement specifically provides for abolition of the restrictions on exchange which the British now have. In the first place, it provides for abolition within a year of the dollar pool. I could not understand very clearly what the

Senator said a moment ago about blocked balances. I do not understand that the agreement will eliminate the blocked balances at all. If the agreement is made, in all current transactions from now on pounds will be convertible into dollars, and so on, and they can be used any place it is desired to use them. That will apply to anyone who is trading with Britain, whether he is a member of the Commonwealth or one of the other countries the Senator mentioned a moment ago. But as to the accumulated balances, the balances which already exist, the British expect to make their arrangements with their creditors—for that is what they are; all these blocked sterling balances are debts of the British—to fund them over a long period of time. I think that is provided for under agreements no more favorable than ours is, and they contemplate paying those off within a 50-year period, in much the same way as they discharge any other debt. Even if everything went well, Britain would certainly be 50 years in working things out, I think. It is not an easy thing to do.

Mr. JOHNSON of Colorado. Mr. President, the Senator says the agreement does not affect the balances which have accumulated. He says it will apply only to future balances. But the agreement contains the following words:

with the countries concerned on the same basis as the balances accumulated during the war.

Both the future balances and the war balances are going to be handled on the same basis, and they are going to be locked up in cold storage until December 31, 1948. I do not know how anyone can interpret any differently the language which appears in section 7.

Mr. President, a little later in my speech I shall deal with the British understanding of imperial preferences and tariffs and that phase of the debate. But I am glad now to yield to the Senator from Connecticut, and I am sorry I was not able to yield to him sooner.

Mr. McMAHON. Mr. President, I thank the Senator for yielding. I had intended to ask the Senator from Maine [Mr. BREWSTER] a question, but I see that he has been called from the Chamber. Perhaps I can ask the question of the Senator from Colorado.

I take it from what I heard of the comments of the Senator from Maine and of the statement which has been made by the Senator from Colorado that the Senator from Maine and the Senator from Colorado do not like state trading.

Mr. JOHNSON of Colorado. That is correct. I am in favor of multilateral trading, but I am in favor of multilateral credits to go along with multilateral trading. What I object to in the pending agreement is that we are approaching credits on the basis of bilateral agreements and are trading on a multilateral basis. I am in favor of multilateral trading and multilateral credits. That is the burden of my argument.

Mr. McMAHON. Will the Senator explain to what extent and to whom the multilateral credits would go?

Mr. JOHNSON of Colorado. The multilateral credits which are involved in the present agreement, amounting to \$3,750,000,000, will go to the United Kingdom. That would be bilateral credit. The propaganda which is accompanying the proposal of this loan would have us believe that, by making the loan, we will be wiping out all the discriminations which now exist with regard to controls on trading. However, that, unfortunately, is not true.

Mr. McMAHON. The Senator said that he was in favor of multilateral credits.

Mr. JOHNSON of Colorado. The Senator is correct.

Mr. McMAHON. Will the Senator state what kind of multilateral credits he has in mind, to what extent we should grant them, and to what countries we should grant them?

Mr. JOHNSON of Colorado. I shall be very glad to do so. The International Bank, which was set up under the Bretton Woods Agreements, as well as the International Monetary Fund, are along the line of multilateral credits. But in the present instance we are attempting to solve the problem of restrictions in the sterling area. We are pretending—I say it is merely a pretense because we do not do anything of the kind—we are pretending that by the proposed loan we are freeing and removing the trade restrictions throughout the whole sterling area. Of course, we are doing nothing of the kind. Before the loan is granted, I should like to see a conference held of all the members of the sterling area. I should like to find out to what extent the component parts of the British Empire and the members of the sterling area are willing to scale down their claims. Then I should like to see the remainder of those claims scaled down at least 50 percent. We scaled down our lend-lease claims—and they are similar claims—by wiping them out completely. According to the British, we forgave \$15,000,000,000 worth of lend-lease. According to some Senators the amount was nearly \$25,000,000,000. I do not know what was the exact amount, but whatever it was we scaled it down by wiping off the slate completely the entire burden of claims. I should like to see the sterling area scale its claims down at least 50 percent. Then I should like to see the remaining sterling area claims placed on a long-term payment basis. I should like to see them placed on the same basis as that upon which our proposed loan would be placed. If that were done I would see some sense in making the loan. But, to make the loan without even attempting to solve the problem of blocked currency, and without attempting to remove any of the trade restrictions about which we have heard so much discussion, seems to me to be illogical and not at all sensible.

Mr. McMAHON. Is it the Senator's belief that to grant the proposed loan would be to dictate Britain's entering into a state of trading arrangement? In other words, if we do not loan them the money does the Senator believe they will be forced to go into a state trading system?

Mr. JOHNSON of Colorado. No; I do not believe it. I do not see how they could be forced into that sort of an arrangement to any greater extent than they have already forced themselves. The sterling-bloc system is a one-sided system which Britain and the sterling area know cannot be continued during peacetime. It was a war measure. For example, I know that the Senator from Connecticut would not like to put his money in a bank and then have the banker tell him, "Now, we have your money in here, we will tell you when you may draw it out."

Mr. McMAHON. That is what the banker might tell me if he did not have the money or the goods with which to pay. In that case the bank would go broke, would it not?

Mr. JOHNSON of Colorado. My argument is that the proposed loan of \$3,750,000,000 will not enable the banker to correct such an evil practice.

Mr. McMAHON. But if the loan could correct such a situation, it would be wise to make the loan, would it not?

Mr. JOHNSON of Colorado. Yes; if the loan could correct the situation, and if the sterling area would make some commitments.

Mr. McMAHON. But the primary object is to correct the situation.

Mr. JOHNSON of Colorado. Yes; the primary object is to get rid of the restrictions.

Mr. McMAHON. And the Senator's contention is that the loan would not correct the situation?

Mr. JOHNSON of Colorado. Yes; that is my contention.

Mr. McMAHON. And that is the Senator's main reason for being against the loan?

Mr. JOHNSON of Colorado. The Senator is correct.

Mr. McMAHON. While I do not depreciate the Senator's view with regard to the question, yet I assert that it must be measured against the opinions of our ablest bankers who believe that the loan would place Great Britain in such a position that they could do business in the way in which we would like to have them do it.

Mr. JOHNSON of Colorado. I do not know about the big bankers to whom the Senator has referred. I should like to refer to men like Leo Crowley and Jesse Jones. Jesse Jones is the most successful banker the world has produced up to the present time. He does not agree with the viewpoint which has been expounded by the Senator from Connecticut.

Mr. McMAHON. Of course, we can argue all day about the merits and the capacities of the gentlemen who have given advice with reference to the proposed loan. After all, it is a question of each of us making our own individual choice.

Mr. JOHNSON of Colorado. It is a question of Senators exercising their own good judgment.

Mr. McMAHON. But there are men such as, for example, Mr. Eccles, of the Federal Reserve Board, and others, who have made a case for the loan. As I say, however, there is not much point to

arguing about the matter, because Senators must decide for themselves.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. SALTONSTALL. A few minutes ago the Senator from Colorado stated that he wished the sterling bloc areas would decide what they would be willing to do for England before we make a decision with respect to the loan.

Mr. JOHNSON of Colorado. That is correct. I believe that a conference should be held of all members of the sterling area and the problem worked out before we make the loan.

Mr. SALTONSTALL. Is it not a question of correct judgment as to whether it is necessary or advisable that the making of the loan be determined first, or that the sterling bloc area question be determined first? One reason which causes me to favor granting the loan is that, from what I have learned, the settlement of the sterling bloc area question will not be of sufficient assistance to cure the situation. We must determine first what we will do in order to enable the sterling bloc area to determine what it will do.

Mr. JOHNSON of Colorado. I do not know why any person should be in favor of putting the cart before the horse. I do not know why such a conference as I have suggested should not be held before the loan is made, and why we should not have an understanding all the way around. I fear that we will make the loan and not gain any of the objectives which we seek. I fear that we will merely make the loan and continue to have before us unsolved and postponed, the whole problem with reference to sterling bloc currencies. It seems to me that Mr. Churchill made a strong point in the House of Commons when he advocated something along the line which I have suggested. He said that the holders of these claims should scale them down. It seems to me that what he said was merely plain common sense. What we are doing is to make a loan and deceiving our own people into believing that we are solving the sterling area problem when, as a matter of fact, we are not solving it at all. We are not doing anything about it except to put it in cold storage. That is the tragic part of the loan proposal. If we want to make a loan of the size proposed, we should see that the entire problem is first straightened out and settled. I think we should try to remove the present restrictions, but we are not going about it in the right way.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. FULBRIGHT. The Senator has made reference to the claim that the proposed loan would settle everything. The statement is very much like the statement which the Senator from Montana [Mr. WHEELER] made the other day in which he said that we were told that the UNO would solve everything. I think that such statements are entirely erroneous. We never contended that the UNO would solve everything. We were merely trying to make it possible to solve certain problems by adopting cer-

tain policies which would afford an opportunity to solve the problems. No one is contending that if we do not grant the proposed loan everything will be lost, and that if we do grant it everything will be rosy.

Mr. JOHNSON of Colorado. Of course, Mr. President, the Senator's statement is true. It is not fair to criticize the United Nations, or to refer to it as an instrumentality which will solve all our problems and difficulties. The United Nations merely consists of machinery which can be used in attempting to solve certain problems.

Mr. President, in this proposal the machinery is not set up. There have been no conferences with the sterling area countries. Those nations are left out entirely. They have no part in it. What I am pleading for is that there shall be some sort of an organization of those concerned before the loan is made, not afterward.

Mr. FULBRIGHT. It is very difficult to follow both the Senator from Colorado and the Senator from Louisiana. On the one hand it is insisted that Britain dominates all the countries, that she practically owns all the mines, the gold, and everything from South Africa, clear over to Hong Kong. Then on the other hand it is said there is nothing she can do about it. The fact is, of course, that she has undertaken, and states here in article X, that she will undertake to do what we are discussing. She divides the undertaking into three parts, that is, for making the accumulated balances convertible; second, for the amount to be voted; third, for the amount to be canceled.

While she could not tell us, and no one knows exactly how much, it was generally rumored—I think it was in the newspapers—that it was expected that about one-third of the accumulated balances would be eliminated as a contribution of those countries as their part of this balance. Canada has already canceled a part of hers. It was in the story I put into the RECORD a few days ago.

Mr. JOHNSON of Colorado. Is it not a pretty flimsy argument to say that a rumor is floating around somewhere?

Mr. FULBRIGHT. This is not a rumor.

Mr. JOHNSON of Colorado. I should like to have the Senator read to what extent the sterling balances are to be scaled down.

Mr. FULBRIGHT. It does not give the figures.

Mr. JOHNSON of Colorado. Of course, it does not.

Mr. FULBRIGHT. It is said in article X:

The settlements with the sterling area countries will be on the basis of dividing these accumulated balances into three categories (a) balances to be released at once and convertible into any currency for current transactions, (b) balances to be similarly released by installments over a period of years beginning in 1951—

That is the part which I say would be voted—

and (c) balances to be adjusted as a contribution to the settlement of war and post-war indebtedness and in recognition of the



benefits which the countries concerned might be expected to gain from such a settlement. The Government of the United Kingdom will make every endeavor to secure the early completion of these arrangements.

That is her undertaking. It does not say how much.

Mr. JOHNSON of Colorado. That is what I am complaining about. Those are the matters which should be resolved before we come blundering in with a loan that is going to make it very difficult for a solution to be found, for the agreements to be reached. It will be much easier to reach them before we make our loan than afterward. I still would like to keep the horse ahead of the cart.

Mr. LUCAS. Mr. President, will the Senator from Colorado yield?

Mr. JOHNSON of Colorado. I yield to the Senator from Illinois.

Mr. LUCAS. The Senator is talking about having a conference of the members of the sterling bloc, along with this country, to find out exactly where we stand.

Mr. JOHNSON of Colorado. Yes; and where they stand, too.

Mr. LUCAS. I am including, of course, the entire group. All would be included if there were a conference of that kind. What would be the position of the able Senator if, after the conference were held, we found ourselves just where we are now?

Mr. JOHNSON of Colorado. If we had a conference and the nations which are the component parts of the British Empire said, "We are not going to scale down any, we are going to keep our lend-lease at full value, we are going to sit tight on our claims. We are not going to participate in this thing at all," then I would say, "All right; we cannot do anything about it. It is beyond us. If that is the position of the countries holding these claims, if they do not want to do anything about their own problem, of course we cannot solve it for them."

Mr. LUCAS. Let me ask the Senator if he has given it any thought to what extent he would expect these countries to scale down at the present time? Can the Senator give me any suggestion about that?

Mr. JOHNSON of Colorado. I think it should be at least 50 percent. I would not think we could even consider scaling the claims down less than 50 percent, when we entirely wipe out our lend-lease, which is comparable to their claims, anyway. We wipe them out completely. We do it under this agreement. It seems to me that if we had all these nations participating in a conference, instead of wiping out all lend-lease, we would have that as one of the points in the negotiations. The United States would say, "All right. We will wipe out our lend-lease; how much are you folks ready to wipe out?" In that way, it seems to me, an agreement could be reached.

Canada has shown her complete willingness to cooperate all the way. She has wiped out "mutual aid," which is the same as our lend-lease. She has reduced it. She is willing to go along. She is willing to do her part. She is even willing to make a loan. The Canadian loan and our loan should not be

made until all parts of the sterling area tell us what they will do.

Mr. LUCAS. Can the Senator compare Canada with a country like India, for instance?

Mr. JOHNSON of Colorado. Yes; I think so.

Mr. LUCAS. Does the Senator think they are in the same status, so far as natural resources are concerned?

Mr. JOHNSON of Colorado. They are not in the same political status. I am sorry the Senator was not in the Chamber when I read the statement of Mr. Churchill on that point, regarding Egypt; and he said it applied to India as well. He said, in the effective way that only Churchill can say such a thing, that the blood and treasure of the United Kingdom saved Egypt from the Italians and from the Germans, which, of course, we know to be true. Yet, he said, these nations are holding their claims 100 percent against the United Kingdom, without scaling them down. Churchill made a plea for the very thing for which I am pleading. Churchill would prefer to have a conference. Churchill would prefer to have these nations reach an agreement, and do it now; not at some future time, not at some time in the indeterminate future which may never come.

Mr. LUCAS. I do not suppose the fact that Churchill is out of power had anything to do with his statement.

Mr. JOHNSON of Colorado. No; I really think that if Churchill were in power he would have made the same approach to the problem.

Mr. LUCAS. Let me ask the able Senator one more question, and then I shall be through. I should like to know what the Senator believes would happen to England and to this country in the event this loan should not be made, insofar as restrictions on trade are concerned, insofar as further controls are concerned? And what would be the effect on the economy of this country?

Mr. JOHNSON of Colorado. I do not think it would have very much effect on our economy. England will want to buy in our markets all she can buy. She will want to buy our cotton, our tobacco, and our other raw products, to the greatest extent of which she is capable.

Mr. LUCAS. I am thinking about the unilateral agreements which I remember one time arose in the world as a result of certain tariff acts we passed in this country, and we had to raise our barriers, and finally became what I would call isolationists, from an economic angle. I am wondering whether that is not to be given some consideration in connection with the proposed loan, whether the same thing will not happen again if we have nothing to do with attempting to relieve England in her dire economic distress, whether she will not have to look after herself and do the same thing that was done once before, insofar as raising trade barriers is concerned, creating economic chaos throughout the world.

Mr. JOHNSON of Colorado. She will not have to renew them. She has them already in effect. The imperial preferences, which of course are the same as our tariffs, are still in effect.

Mr. LUCAS. I understand that.

Mr. JOHNSON of Colorado. We have a reciprocal-trade agreement with Great Britain at the present time.

Mr. LUCAS. She had to adopt the imperial preference system on account of the war. She could not do anything else during the war. But I understand she is going to make every effort to eliminate those controls, so far as possible.

Mr. JOHNSON of Colorado. I do not think the Senator has been reading what the members of Parliament have been saying in the House of Commons, if he thinks they are going to eliminate the imperial preferences.

Mr. LUCAS. I do not know what is being said in the House of Commons, but I wonder if we can depend upon what is said in the House of Commons any more than what is said in the Senate, because we can get five different versions on any subject in the United States Senate.

Mr. JOHNSON of Colorado. The whole burden of the debate in the House of Commons and the House of Lords, and in the press of the United Kingdom, bears out what I am saying, that they are not going to abandon or change their imperial preferences. They say a conference will be held after the loan is made with the United States, and that to the extent the United States reduces her tariffs and makes concessions of that kind they will make concessions to us. That is what they state in the Parliament of England. It has nothing whatever to do with this loan. That is what I object to so strenuously in connection with the loan. Many of those who are supporting the loan are laboring under the illusion that the loan will resolve these questions of trade preferences and tariffs, when the loan will do nothing of the kind. There is not one word in the agreement which does anything of a positive nature, as the Senator from Wisconsin said when he made his very eloquent statement in regard to it. He said there is only one thing positive in the loan agreement, namely that the United States will lend England \$3,750,000,000. He says that is the only positive and specific thing in the agreement, and it is the only thing I can find that is positive and specific. Whatever else there may be is in the form of rumors and hopes and fine, glittering generalities of one kind or another, surrounded completely by "ifs" and "unlesses" and such other weasel words and weasel phrases.

Mr. FULBRIGHT. Mr. President, will the Senator again yield?

Mr. JOHNSON of Colorado. I yield.

Mr. FULBRIGHT. I may say that I did not want to leave the other subject concerning the contribution of the other countries, such as Egypt, India, and Australia. I am in agreement with the Senator on the principle that they ought to contribute a reasonable or equitable amount, taking into consideration what they have done in the past, and so on, because, as the Senator pointed out, Canada made some outright grants-in-aid of the war. I believe the amount was \$1,000,000,000. I have forgotten the total, but it was a very substantial sum.

Mr. JOHNSON of Colorado. Yes; it was a very substantial sum.

Mr. FULBRIGHT. I agree with the Senator in principle. We may agree as to the amount they can reasonably give. Our only difference is this: The Senator says it should have been done before the agreement was negotiated. I know that conversations or conferences have been held on the subject; but I do not think that any agreement as to the amount has been arrived at.

On the other point to which the Senator referred a moment ago when he read section 7, I did not have it in my hand, but as the Senator read it it seems to me a very positive undertaking that a year after the agreed-upon date they will do away with the sterling area dollar pool, as one example. I do not see where there is any weasel language about that undertaking.

Mr. JOHNSON of Colorado. Of course, the Senator knows that the dollars which are in the dollar pool will find their way to settlement whenever England lets them do so. They will come right back to the United States. Chickens come home to roost, and our dollars will come home to us, and the British will buy goods from us. There is no difficulty about the dollar pool. The only bad thing about the dollar pool is that Britain takes the dollars from all parts of the sterling area and pools them and then doles them out on the basis of need.

Mr. FULBRIGHT. That is correct.

Mr. JOHNSON of Colorado. That was an arrangement during the war that was very satisfactory to us.

Mr. FULBRIGHT. The fact is we participated in it.

Mr. JOHNSON of Colorado. If we did not, we should have.

Mr. FULBRIGHT. We did participate.

Mr. JOHNSON of Colorado. It was in the interest of the war effort.

Mr. FULBRIGHT. I do not wish to draw the Senator out. All I point out is that that is a very definite, positive undertaking. The Senator said they agreed to do nothing, but I say that the language in paragraph 7 represents a very positive undertaking.

Mr. JOHNSON of Colorado. I still insist that it does not. It is merely a natural development. We do not have to compel people to eat their breakfast in the morning. We should not have to compel people to go to bed at night or to do the ordinary things in life. We ought not to have to compel the United Kingdom to turn loose the dollars in the dollar pool. They know that they cannot handle that proposition by such high-handed method of gathering the dollars from everywhere and saying to other nations, "Now you can cash in so many dollars, and later you can cash in so many more dollars." That simply cannot be done. England knows that. Her bankers know that they cannot continue such a practice. So they agree to eliminate the dollar pool. But if they did not agree to it, they would have to do it under the weight of demand on the part of the people who own the dollars.

Mr. FULBRIGHT. Would the Senator say the same as to restrictions on payments and transfers for current transactions of exchange? I think it is natural that people normally—and particularly the British—do not like restrictions on their transactions of any kind such as referred to here. But necessity forced them to do it.

Mr. JOHNSON of Colorado. But the British have long prided themselves on being good bankers.

Mr. FULBRIGHT. And on being free traders in the past.

Mr. JOHNSON of Colorado. By doing things in the way good bankers do them the British bankers gained the place in the banking world which they held. So we do not have to compel them to do that. They know enough to do it anyway. But what I complain about in section 7 is the provision which appears in parentheses, which freezes the sterling bloc currencies, not only those which were accumulated during the war, but which will be accumulated after the war, and according to the article appearing in the Index—

Mr. FULBRIGHT. But only the amount for military expenditures. Military expenditures are not the only ones.

Mr. JOHNSON of Colorado. The amount that is going to be accumulated after the war aggregates \$4,000,000,000. The amount accumulated in the frozen currencies during the war is \$14,000,000,000. And according to the article in the Index, \$4,000,000,000 more will be added. So on December 31, 1948, the blocked currencies will amount to \$18,000,000,000, according to the statement published in the Index, which is dealt with in the discussion of the blocked sterling balances.

Mr. FULBRIGHT. I think the language in parentheses applies only to the military expenditures of the Government in these years. It does not apply to all expenditures. To me that is obvious.

Mr. JOHNSON of Colorado. They were all military expenditures, just as our lend-lease was considered a military expenditure.

Mr. FULBRIGHT. But the war is over, and from now on the expenditures will be for civilian purposes.

Mr. JOHNSON of Colorado. I cannot say whether the amount is to be \$4,000,000,000 or \$1,000,000,000. I am not an authority on that matter. I do not know anything about it. But the article in the Index states that it will be \$4,000,000,000.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield to the Senator from Vermont.

Mr. AIKEN. I am sure the Senator is familiar with the amendment which I offered the other day which would prohibit the extension of credit beyond \$1,000,000,000 until England complies with the provisions of sections 7 and 8 of the agreement. Has the Senator made a study of my amendment which would enable him to say whether the adoption of the amendment would result in achieving the results which are claimed for the agreement?

Mr. JOHNSON of Colorado. I see some merit in the Senator's amendment. I have studied it very carefully. I think perhaps if his amendment were adopted it would bring about an early conference between the member nations of the sterling area. The amendment does not exactly provide for that, but I believe it might have that effect.

Mr. AIKEN. The wording is that no further draft upon the remaining \$2,750,000,000 shall be allowed unless the provisions are complied with. It appears to me that this would take care of the needs of England for the first year. As I understand, they claim that they require only about \$1,000,000,000 for the first year, and during the 1 year's time conferences could be arranged which would result in the elimination of the discriminatory trade practices to which we are objecting, and which we ask to have removed as a consideration for making the loan. It appears to me that there is nothing unfair to Great Britain in my amendment. It is simply a trading proposition, but it means that the agreement would have to be carried out on the part of Great Britain before the entire amount of the line of credit would be expended upon our part.

Mr. JOHNSON of Colorado. Yes. I would be very enthusiastic about the Senator's amendment if it were not for the words in parentheses in section 7, which freeze the blocked currencies. I think it might solve the whole problem, because then it would force a convention of the member nations and bring the whole thing to the table where it might be resolved, and where the matters might be worked out.

Mr. AIKEN. It is a fact, however, that our own State Department and Treasury Department can take care of the situation and force compliance with the provisions of the agreement if they so determine, is it not?

Mr. JOHNSON of Colorado. Yes; under the language of the Senator's amendment.

Mr. AIKEN. As I said the other day, the reason I offered the amendment is that agreements may be reached between the higher policy levels, but the details of the agreements have to be carried out by a lower operating level which may be far removed from the policy level which makes the agreement. It has so happened in the past that the functionaries who are in charge of the operating levels find many an excuse for not carrying out the agreements which are made by their superiors. I thought that this simple requirement in the measure, which does not affect the international agreement at all, would insure the carrying out of the terms of the agreement.

Mr. JOHNSON of Colorado. I think the Senator's amendment is a long step in the right direction. It might possibly bring about such a conference as I have been advocating. If it did, perhaps the whole matter could be worked out.

Mr. AIKEN. It would require such a conference, and it would require compliance with the agreement unless England decided that \$1,000,000,000 would meet her own needs.



Mr. JOHNSON of Colorado. As I stated before, I look with favor on the Senator's amendment.

(At this point Mr. JOHNSON of Colorado yielded to Mr. LUCAS, who reported from the Committee To Audit and Control the Contingent Expenses several resolutions, the debate and action on which, on the request of Mr. JOHNSON of Colorado and by unanimous consent, were ordered to be printed at the conclusion of his remarks.)

(At this point Mr. JOHNSON of Colorado yielded to Mr. WILEY, who discussed the coal strike. On request of Mr. JOHNSON of Colorado and by unanimous consent Mr. WILEY's remarks were ordered to be printed following the remarks of Mr. JOHNSON of Colorado.)

Mr. BUTLER. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. BUTLER. The very brief remark which I am about to make has to do with the discussion of the British loan. I ask unanimous consent to have inserted in the RECORD at this point, as a part of my remarks, the complete article—it is not long—which appears in today's issue of the Wall Street Journal. It is from Paris. The headline reads as follows:

France may have to sell British Empire holdings to pay London debt.

Paris hoped they would be used only as collateral. Sees United States loan to Britain as help.

Near the close of the article the following paragraph appears:

It is hoped here that if the United States loan is arranged, new talks will be begun between the British and French to loosen trade restrictions between the countries and open credit facilities.

That indicates, Mr. President, what some of us have been claiming right along, namely, that if we make a loan to one country in order to reestablish trading conditions, it will be necessary, if we are to be consistent, to make similar arrangements with all our other friends abroad.

Mr. JOHNSON of Colorado. Not only that, Mr. President, but the entire problem of international debts should be considered and handled around one table, and not by piecemeal. The article to which the Senator has referred, and from which he has read, illustrates what I have been contending. If we make the proposed loan on a bilateral basis and we find that something is wrong with the credit between England and France, it will have to be straightened out eventually. The entire problem should be worked out before we make a loan.

Mr. BUTLER. Mr. President, if I have not done so, I ask unanimous consent to have inserted in the RECORD at this point as part of my remarks the article from the Wall Street Journal from which I previously read.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FRANCE MAY HAVE TO SELL BRITISH EMPIRE HOLDINGS TO REPAY LONDON DEBT—PARIS HOPED THEY WOULD BE USED ONLY AS COLLATERAL—SEES UNITED STATES LOAN TO BRITAIN AS HELP  
PARIS.—The new agreement under which France will repay loans to Britain between

now and 1949 indicates the extent to which France has lost her position as a world creditor, how much she was impoverished by war, and the indirect prejudice to world trade caused by the delay in the United States ratification to the loan to Britain.

In order to liquidate during the next 3 years the balance of her \$440,000,000 debt to Britain, France will probably have to sell nearly all the British Empire securities she holds, it is reported here on good authority. These securities will undoubtedly include holdings in South African gold mines in which French capital participated before the First World War. But the French will probably keep their interest in the Suez Canal.

Financial quarters had hoped repayment would be arranged without the need to sell securities, and that they would be used as collateral on the British credit.

The extent to which the French portfolio will be liquidated will depend how the British exercise their option under the repayment agreement to choose the securities to be sold.

It is understood that an order requisitioning nearly all arbitrage stocks will be issued here within the next few weeks.

In the loan arrangements, the British refused to increase substantially their import quotas on French luxury goods which still represent France's chief products available for export. Normally this position would have been bitterly criticized, but it is recognized here that the British can't grant such concessions until they know whether they will get a loan from the United States.

It is hoped here that if the United States loan is arranged, new talks will be begun between the British and French to loosen trade restrictions between the countries and open credit facilities.

Meanwhile, France must restrict her purchases in the British sterling area. France is contemplating a campaign to increase exports to the sterling area, especially the dominions. Egypt is seen as a big potential market for French luxuries.

Mr. JOHNSON of Colorado. Mr. President, I wish to proceed with my remarks, and I hope I shall not be interrupted from now on, because the hour is growing late.

I wish to be sure that the article entitled "Blocked Sterling Balances, Part II, Their Relation to the United States," which appeared in the winter issue, 1945, of the Index, be printed in the RECORD in full.

The ACTING PRESIDENT pro tempore. Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### BLOCKED STERLING BALANCES: PART II—THEIR RELATION TO THE UNITED STATES

In view of the close relationships between the United States and the countries of the sterling area and, further, that justification for the loan to Britain is being found in the promise of more employment for United States workers through removal of exchange controls and trade restrictions in the sterling area, it is worth while to consider our foreign trade and the proportion conducted with the sterling area.

During the period 1900-44, inclusive, our exports in peace years ranged from \$1,361,000,000 in 1902 to \$5,241,000,000 in 1929, while in the war years the high points were \$8,228,000,000 in World War I and \$14,000,000,000 in World War II, including lend-lease. In World War I, imports rose to \$5,278,000,000, far exceeding the peak of \$3,913,000,000 of World War II.

The trade balance of the United States has been favorable since 1894. From a high of more than \$4,000,000,000 in 1919, it declined

to a low point of \$33,000,000 in 1936. The figure in 1944 was \$10,000,000,000, but since more than \$11,000,000,000 of our exports were on lend-lease account our cash and commercial trade balance showed an import surplus of \$958,000,000, the largest in our entire national history.

As concerns our trade with the sterling area, exports in peace years have ranged from \$382,000,000 in 1932 to \$1,351,000,000 in 1925. Imports have been as low as \$170,000,000 in 1932. The peak was \$1,063,000,000 in 1926. Our favorable balance of trade with the sterling area in 1936 was only \$133,000,000 and our best peace year was 1921 with a balance of \$708,000,000. This analysis indicates that our trade with the sterling area through good and poor peacetime years constitutes about 25 percent of our foreign trade which is in itself less than 8 percent of our domestic business and in some years amounts to only about 4 percent. A practical view of the loan proposal would take this into consideration. Will the loan contribute substantially to employment in this country? Will the loss of a portion of our business with the sterling area, if the loan is not made, contribute to unemployment in the United States?

#### DEBTOR POSITION OF UNITED STATES

Another practical consideration is our own capacity to continue grants-in-aid on very long-term loans, the collectibility of which is in any way uncertain. The National Industrial Conference Board, through Garret, has prepared a study of our international account, after our erasure of our total lend-lease expenditures of more than \$41,000,000,000 in the last 5 years. In summary, our net indebtedness on open account is about \$6,000,000,000, principally in the form of bank deposits here by foreign countries, together with some short-term account items. Our further commitments, in millions of dollars, include investments as follows:

International Monetary Fund.....	\$2,750
International Bank for Reconstruction and Development.....	3,175
Export-Import Bank.....	3,500

Total..... 9,425

In addition the following amounts have been provided for these purposes:

Relief by Army.....	\$1,000
Relief by UNRRA.....	1,350
Lend-lease.....	2,000

Total..... 4,350

Thus, we appear as a debtor Nation in a current account of almost \$20,000,000,000, not including reference to a trade deficit in 1943 and 1944 of \$1,700,000,000 or the new loan to Britain of some \$4,000,000,000. Further, there are other implied obligations to assist the Philippines, China, Latin America and to provide a market for the securities of the International Bank.

#### OTHER CONSIDERATIONS

There is a possibility, as yet intangible and unassessable, that our foreign trade in general and particularly that with the sterling area, may increase due to the demand for manufactured goods hitherto supplied by Germany and Japan which under the surrender terms will be largely de-industrialized. Great Britain will naturally be a competitor for this business.

Public discussion has also dealt with the advantages to the United States of modification of the Empire preference system. However, the creation of greater opportunities for American goods in the Empire areas should be offset in some measure by according Empire goods larger access to the huge American market through modification in our tariffs.

Opposition to the loan to Britain has been voiced in some areas in this country following the move to nationalize the Bank of

England and some of the leading British industries on the ground that by granting the loan this country is financing in part at least the present British program of nationalization and similar proposed social experiments.

In general there is a recognition of the interest of the United States in reaching stability in international economic relations, the reconstruction of Britain's position, the enlargement of the world area in which the free-enterprise system can function, the stabilization of exchange rates and release of all forms of governmental restrictions and controls which hamper international trade. An economic conflict between a sterling and a dollar area would be a calamity with far-reaching consequences.

#### CONCLUSIONS

To summarize, Britain has paid in sterling for required goods and services during World War II without incurring any really large external obligations. In the process, however, the blocked sterling balances of some \$14,000,000,000 have accumulated, presenting a difficult international problem affecting foreign exchange and trade. To help in its solution, a loan from the United States to the United Kingdom has been negotiated, the terms of which are subject to approval by Parliament and the Congress.

It has been observed that there is a limit to the aid which 30,000,000 families in the United States can give to 300,000,000 families abroad, and also that the recovery and financial stability of the United States are of first importance to the world. What are the lending and taxpaying capacities of the American people?

There is the added consideration that to the extent such loans succeed in reviving industry abroad in certain lines, such as shipping, they may retard the revival of those industries in the United States, unless the loans are safeguarded in these respects by protective provisions.

Finally, the assumption may be accepted that for political reasons, both international and domestic, a way must be found to assist Great Britain in the present emergency, and that without such help, exchange rates cannot be stabilized, exchange and trade restrictions cannot be removed, and confidence among nations and foreign traders restored. However, the clear fact remains that in the long run Great Britain still must solve the basic problem of increasing world consumption of British goods and services, which must be satisfactory as to quality and price. Loans may be of assistance but are not a permanent solution.

Mr. JOHNSON of Colorado. Mr. President, multilateral world trade understandings are important in the promotion of world peace, but they are not a one-way street upon which the United States can travel alone. We cannot remove trade restrictions by assisting the restrictors and enabling them to continue their evil practices.

It is suggested in this maturing crisis of trade restrictions that the United States assume world leadership, and attempt to steer the disabled craft of the entire world into a safe port. To the best of her ability that she should do, but such leadership does not imply that the United States should pull the whole load. No leader is a slave. The first action of a real leader is to convert and acquire followers. Such followers should be organized and mobilized to hit the vexatious sterling trade restrictions and the world credit problems as a team, and not with everyone except the leader in

the cheering section of the grandstand. In this trying period every nation must put its shoulder to the wheel.

I do not agree that we can or should attempt the futile task of lending the world out of trouble, but if such a policy is to be our course the very first thing we should do is to make a complete survey of the capital requirements of the whole world. If the Congress is determined to hang the three balls—the emblem of the money lender—over the entrances to the Treasury building in Washington, we ought to adopt the money lender's techniques and proceed with our loans in a rational and businesslike fashion. We cannot escape the money lender's bad name, regardless of how generous and unselfish we may try to be. There are no scruples anywhere against taking advantage of the money lender. There is always an open season on him. Once a loan is consummated, the lender becomes a first-class jackal in the eyes of all. To make loans on a piecemeal basis, and in the first instance in insufficient amounts, can only end in disaster for us. Every banker knows that the worst loan he can make is the inadequate loan.

World War II has left much of the world emotionally and politically upset and on the verge of bankruptcy and insolvency. This goes for the United States, as well as for the rest of the world. Here our national debt nearly equals our total assets. Soaring prices, shortages of goods, and endless strikes ought to tell us that all is not well within our own gates. Lower living standards and higher prices for goods to American workmen must follow any ill-advised fiscal policy by the administration. Before we launch a world-wide loaning program on a blind and lavish scale, common sense and ordinary prudence require that we take an over-all view of the whole deplorable world situation, and that we do not overlook conditions here at home. Congress dare not, in justice to ourselves and to the world which we would serve, proceed on any other theory.

A foreign loan is always a risky loan. It cannot be collected by force. Foreign debts cannot be collected in court. Judgments are not entered. Mortgages are not foreclosed. The sheriff does not evict nations for nonpayment of debts. Years ago the British tried to collect a debt in Venezuela, but Grover Cleveland with customary vigor objected, and that was that. Once we occupied the customhouse in San Domingo to collect money that had been loaned. Fortunately, we too have abandoned the policy made so effective by Julius Caesar.

The State and Treasury Departments and the proponents of the British loan in the Congress have reiterated over and over that granting the British loan is not and cannot be deemed a precedent for other foreign loans. The constant official repetition of this statement, which is so obviously not true, has aroused unconcealed suspicion. It was Hitler, the world's loudest and most expert falsifier, who preached that if you tell a whopper often enough and make it preposterous, it will be accepted as the truth. The

fact is that all the nations of Europe and Asia are looking to the United States for huge loans. Leon Blum, representing the French Government, has been in the United States many weeks actually negotiating a very large loan. Recently Mr. Blum appeared before the Senate Committee on Foreign Relations and painted for the Senators a pretty dark picture of conditions in his country.

Lord Keynes said in the House of Lords, at the time of ratification of the financial agreement:

It is relevant, I think, to remind your Lordships that the maximum charge to use in respect of the early years is not much more than half of what is being charged in respect of loans which the United States is making currently to her other Allies, through the Import and Export Bank or otherwise; whilst the minimum charge percent, to which we have been asked to commit ourselves in the early years is only one-fifth of the annual service charge which is being asked from the other allies. None of these loans is subject to a 5-year moratorium. All the other loans which are being made are tied loans limited to payments for specific purchases from the United States. Our loan, on the other hand, is a loan of money without strings, free to be expended in any part of the world.

The most favorable terms sometimes allowed as, for instance, in the case of France, for the purpose of clearing up what she obtained through the lend-lease machinery, are 2½ percent, with repayment over 30 years, beginning next year; that is to say, an annual debt of 5½ percent, so that an amount equal to 34 percent of this loan will have been paid by France during the 6 years before we have begun to pay anything at all. The normal commercial terms in the Export-Import Bank are, however, 3 percent, repayable over 20 years commencing at once, so that payments equal to 48 percent of the loan would have been paid during the first 6 years in which we pay nothing.

A loan directly out of our Treasury to any nation is a precedent for loans to other nations. To deny it is fraudulent nonsense. I should like to see the proponents of such a doctrine convince France, Russia, China, Turkey, Poland, and all the other nations of Europe and Asia that the British loan is not a precedent for loans to them. The strange fact is that the present historic debate in the Senate is being watched with far more interest by the foreign embassies in Washington than by our own people. Every day the cables to Europe are burdened with reports on what we do here.

Mr. President, along this line I should like to read an article under the headline "Capitol capsules," by William D. Murray, as follows:

#### CAPITOL CAPSULES

(By William D. Murray)

Foreign soil in Washington totals 1,300,000 square feet of space on which District police may not encroach. This is the total of 41 foreign diplomatic headquarters. There are 24 others who do not own embassies, and 3 others are sequestered as enemy. A well-advised commentator estimated that Washington has a constant population of 40,000 foreign emissaries and clerks of various degrees on official missions. Lend-lease and American sources for other desired items or influences seem to have placed this country far ahead of all others in concentration of visiting nationals. The British Empire leads these with 65 separate agencies, thousands of



individuals. Diplomats and all their retinues are immune from civil and legal processes, and the laws of their native lands rule their embassies.

China is anticipating a sizable loan here. Nearly everyone is familiar with the hopeless economic situation in the Orient. For centuries they have existed from famine to famine. Their very serious and ancient problem cannot be cured by a loan either. They, too, need a major operation.

It is whispered about that if we do not lend generously to Britain, France, China, Turkey, and the other applicants, these nations will go communistic. Are we to change the world's political trends with nicely placed loans? Is there money enough in the vaults of America to do that? Are we to exert political pressure through the medium of bribes? When did the internal political decisions of our neighbors become our concern? Then we learn that Russia would like a loan of \$6,000,000,000. What political reform will we cook up for her?

What should be the long-range policy of our friends, the citizens of the United Kingdom? If there is a way out, what is it? To get the answer, we must get down to the level of the individual Britisher. If my colleagues will pardon a personal reference, my mother was born in Liverpool and my father in Sweden. They migrated to America to improve their opportunities. It was hard for them to break the home ties and come to a strange and unknown land. But that is exactly what our forebears did. The present Britisher is a "stout fellow," to use his own apt description, and he is very competent. He should migrate, too. Canada, Australia, South Africa, and many other areas of the British Empire badly need the solid men and women from old England. Dislocations and readjustments are the order of the day. It is tough medicine, but millions of Americans have taken it.

America has two overshadowing objectives, so potent and so vital that all others shrink to less than pigmy stature. First, we seek world-wide peace on a good-will basis. Even though we are supporting a Carthaginian peace in Germany, we are not happy about it. We want above all else a peace founded on justice, righteousness, equity, and law. We do not subscribe to a Roman peace. We do not believe in peace at the point of a bayonet. We want a peace that is based on tenets of the Christian religion.

As our second objective, we would conquer capitalism's most virulent and fatal disease—inflation. America has won many notable victories and perhaps she will win the two current contests for a permanent world peace and against a demoralizing inflation, but the odds are overwhelmingly against her on both fronts. Certainly we shall lose both if Congress continues to push us into an unsound fiscal policy. The present inflationary drift is full of evil portent. A disgraceful collapse is almost upon us. The United States is careening crazily to its own destruction at a break-neck speed. If this capitalistic democracy is to endure, our strongly inflationary trend

must be subdued, and at once. It should be emphasized right now that the world has never experienced such a peace as we vision, nor has any nation in history ever averted wild and uncontrolled inflation once it has made the headway which it has now attained in these United States.

The late President Franklin Delano Roosevelt said at Chautauqua, N. Y., on August 14, 1936:

Thousands of Americans seeking immediate riches . . . would tell you that, if they could extend credit to warring nations, that credit would be used in the United States to build homes and factories and to pay our debts. They would tell you that America once more would capture the trade of the world.

It would be hard to resist that clamor. It would be hard for many Americans, I fear, to look beyond—to realize the inevitable penalties, the inevitable day of reckoning, that comes from a false prosperity.

Did not our great former President in that speech accurately predict the arguments of many of the present-day Americans who are pleading for this loan?

Mr. President, we are contemplating loans of many billions of dollars through the Bretton Woods agreement, the Import-Export Bank, and directly out of the Treasury. Our whole program may finally total \$20,000,000,000. The Secretary of the Treasury testified before the Banking Committee that from December 1941 to December 1945 the net deterioration in our international capital position was about five billions. That decline or deficit can only be satisfied with American goods. The world's production of gold, which is considerable, has been added to the balance against us.

The United States already owes more money than all the remainder of the world combined. It is no comfort to say that we owe it to our own people. That very fact ought to sober Congress and make it exceedingly cautious. The holders of our securities, our own fellow citizens, our banks, and our insurance companies, are entitled to every possible protection by the Congress.

According to our own Department of Commerce, Alvin Slater, speaking about our gross public and private debts as of July 1, 1945, estimates them to be \$441,000,000,000. That is the total of our public and private debt. I ask unanimous consent that Mr. Slater's statement on the subject may be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

After more than 3½ years of war, outstanding indebtedness in this country surpassed all prior records. Continued public deficit financing engendered by war requirements and, to a lesser extent, expansion of short-term private business liabilities to meet the needs of increased business activity, resulted in raising total public and private indebtedness, as of the middle of 1945, to an estimated \$441,000,000,000 in gross amount and \$384,000,000,000 after elimination of certain duplicating debts.

Mr. JOHNSON of Colorado. The National Industrial Conference Board estimates our total wealth in 1938 to be \$309,430,000,000. The dates, however,

are not identical. The estimate of our debt to be \$441,000,000,000 is of July 1, 1945, and the estimate of our wealth is for 1938. But since the date on which we were supposed to have that much wealth the war effort has depleted our mines and our forests, our oil fields and our soil, and it would be hard to argue that our wealth has increased during this period.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. ELLENDER. The amount of \$441,000,000,000, to which the Senator has just referred, must include all the county and municipal debts, as well as State obligations, and includes the \$278,000,000,000 owed by the National Government itself. Am I correct in that assumption?

Mr. JOHNSON of Colorado. The Senator from Louisiana is correct.

The London Economist apparently takes the position that the loan agreement is tariff and trade legislation. This is what they say with respect to the matter:

This crippling of Britain's bargaining strength is the first of the major objections. We cannot accept the American doctrine of nondiscrimination and hope to get our exports up to the required level. We cannot survive without the methods that are called reciprocal by those who practice them and bilateral by those who object. . . . Every nation in the world practices discrimination in one form or another. The Americans discriminate quite openly and powerfully in their loan policy, in their shipping laws, and most ostentatiously in their immigration restrictions. We have at least as much right as they to employ the methods of discrimination that we find useful.

The second major defect of the proposals is that they virtually rule out the possibility of a planned expansion of international trade. . . . The only way in which a state can plan its trade upward is by entering into agreements with other states for the mutual assurance of export markets—and that is to be banned.

Mr. President, I ask to have printed in the RECORD an article from the Denver Bulletin of April 25 last.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### THE BRITISH LOAN AND EMPIRE PREFERENCE

As the United States Senate was debating the proposed loan of \$3,750,000,000 to Great Britain, the British Commonwealth (nee Empire) of Nations was opening, on Tuesday, April 23, a conference to last some weeks. After political problems all over the world have been considered, the talks will turn to economic problems—in particular, the Empire preferential tariff system.

Great Britain, traditionally free-trade, went protectionist after the financial crisis of 1931. Twelve bilateral trade agreements were consummated at the Ottawa Conference of August 1932 for tariff concessions between the mother country and the dominion or colonies, also among the latter. The idea was to increase purchases from within the Empire of many commodities which had been obtained largely from outside the Empire.

In the loan agreement now before the Senate, Great Britain does not commit herself directly to abandon or to relax this preferential system. The British negotiators pointed out that treaties with the dominions were involved, and that the consent of the

dominions would be needed before the treaties could be abandoned or altered.

However, the British Government does commit itself to work for general relaxation of all international trade barriers. The United States also would have to make concessions on its side. A general trade conference is to work out multilateral tariff concessions like those in the bilateral agreements negotiated by the United States of recent years.

If the British loan agreement is ratified without crippling amendments, and if the United States is prepared to make at the forthcoming conference tariff concessions equal to those made by other countries, the British preferential system would certainly have to be materially relaxed if the spirit of the loan agreement were to be observed.

Mr. JOHNSON of Colorado. Mr. President, at this point in my remarks I ask to have inserted in the RECORD excerpts from various documents which have been issued by our Department of State and Treasury Department, as well as the Chamber of Commerce of the United States, with respect to one phase of the question which is whether or not tariffs are to be reduced, and what the position of our Government is respecting imperial preferences and the tariff question. I have outlined in red the parts I wish to have inserted, and ask that they may be printed in the RECORD at this point.

There being no objection, the matters referred to were ordered to be printed in the RECORD, as follows:

ANGLO-AMERICAN FINANCIAL AND COMMERCIAL AGREEMENTS—DECEMBER 1945

3. Purpose of the line of credit: The purpose of the line of credit is to facilitate purchases by the United Kingdom of goods and services in the United States, to assist the United Kingdom to meet transitional post-war deficits in its current balance of payments, to help the United Kingdom to maintain adequate reserves of gold and dollars, and to assist the Government of the United Kingdom to assume the obligations of multilateral trade, as defined in this and other agreements.

10. Accumulated sterling balances: . . .

11. In consideration of the fact that an important purpose of the present line of credit is to promote the development of multilateral trade and facilitate its early resumption on a nondiscriminatory basis . . .

UNITED STATES TREASURY DEPARTMENT,  
Washington, D. C., January 1946.

QUESTIONS AND ANSWERS ON THE ANGLO-AMERICAN FINANCIAL AGREEMENT

FOREWORD

When the financial agreement with England was announced, the Treasury received many inquiries about the proposed credit. These questions came from Members of Congress, from business and civic organizations, and from private citizens interested in the urgent problems dealt with in this Agreement.

It seemed to me that millions of our citizens must be asking themselves these same questions. They want to know the facts about the financial agreement. They want to know why the proposed credit is necessary. I have, therefore, asked the Treasury staff to present in plain language the questions that we have received and the answers that we have given on the financial agreement.

The American people want a world of peace and prosperity. So do the people of all countries. This will be possible only through international cooperation to establish fair currency and trade practices that will make it possible for world trade to expand and grow. We have made a good deal of progress toward this goal. Unfortunately, England will not be able to commit herself to the prompt application of these principles until she is sure that she will be in a position to secure her essential imports of food and raw materials.

For 6 years, England devoted most of her resources to fighting the war. She converted her export industries to war production. She sold foreign investments and incurred a foreign debt of \$13,000,000,000 to pay for her world-wide war expenditures. But now the war is over. England can secure imports only by paying for them with exports. She can meet her huge foreign debt only by finding markets for her products. With some help, it will take a few years for England to restore her export industries and to reestablish her export trade. In the meantime, England must import. Otherwise the health of her people will be impaired and her industries will decline.

If England can secure a credit that will help pay for her essential imports during the next few years, she can immediately accept the principles of fair and nondiscriminatory currency and trade practices. In fact, England will be greatly benefited by an expansion of trade on such a basis. That is the policy England would prefer.

But if England cannot secure such a credit, she will have to take drastic steps to curtail her imports and to force her exports on other countries. Our exports would be excluded, as far as possible, from British Empire countries which would concentrate on trade with each other. Such a policy would inevitably divide the world into conflicting economic blocs. In blunt language, the world would be at war—economic war.

The consequences of such a policy would be tragic for the United States, for England, and for the entire world. That is why the representatives of the United States and England went over this problem in discussions that lasted more than 3 months. They agreed that England would need help in maintaining essential imports and that part of this help should be in the form of a credit of \$3,750,000,000 from the United States. And they agreed that with this help England could abandon wartime currency and trade discriminations and join with the United States in a program of international economic cooperation. This is the essence of the financial agreement between the United States and England which is now before Congress for approval.

This financial agreement, and the proposed credit, will be a big step in preventing economic warfare. It will also be a big step in building a world in which countries live and work together in peace and prosperity. For England, it will mean a chance to feed her people and reconvert her industries in a world of expanding trade. For the United States, it will mean opening the markets of our best customer, England and the British Empire, to the products of our factories and farms. For all countries, it will mean a chance to reconstruct a war-shattered world, with expanding trade, greater employment, and higher standards of living.

The people of the United States and the United Nations have agreed on a program in which countries cooperate to maintain peace and prosperity. The United Nations Organization, with its Security Council, General Assembly, Economic and Social Council, and International Court of Justice, constitute one side of this program. The International Monetary Fund and the International Bank for Reconstruction and De-

velopment and the proposed International Trade Organization constitute another side of the same program. The financial agreement with the United Kingdom is essential to the realization of this entire program for peace and prosperity. This is what I hope the people and Congress will bear in mind in considering the financial agreement.

FRED M. VINSON,

Secretary of the Treasury.

WASHINGTON, D. C., January 1946.

QUESTIONS AND ANSWERS

1. What is the Anglo-American financial agreement?

The financial agreement between the Governments of the United States and the United Kingdom is an agreement under which—

(a) The United States will extend to the United Kingdom a line of credit of \$3,750,000,000 which can be drawn upon until December 31, 1951.

(b) The United Kingdom will end a series of wartime financial and commercial restrictions and practices which have the effect of discriminating against American trade and reducing the flow of world trade.

The loan will be repaid in 50 equal installments, beginning in 1951. The amount to be paid each year for principal and interest of 2 percent is fixed at \$120,000,000 on the \$3,750,000,000 credit, plus an additional \$20,000,000 on the \$650,000,000 settlement for lend-lease and surplus property. This makes a total of \$140,000,000 a year. The portions of the payment that will be credited to principal and interest, respectively, will vary from year to year, the portion to be credited to principal increasing and that to interest decreasing.

The financial agreement is associated with a far-reaching agreement on commercial policy and a settlement of the outstanding lend-lease and surplus-property problems of the two countries. The commercial policy statement proposes the establishment of an international trade organization which would aim to expand world trade by reducing trade barriers, avoiding trade discriminations, and eliminating cartel practices.

4. How did England get into this position? England got into these foreign exchange difficulties because she devoted most of her resources to the war. In the next few years her earnings from overseas business will be lower than before the war because—

(a) British exports are lower. During the war England's export industries were converted to war production or shut down. In 1944 she exported only 30 percent as much goods as in 1938. It will take several years to reconvert these industries and restore their trade.

(b) British foreign investments were sold. During the war England sold over \$4,500,000,000 of her foreign investments, and thereby lost forever the income which they formerly yielded. The proceeds were used to buy war goods from us and other countries. In addition, England incurred foreign debts of \$13,000,000,000.

(c) England's income from shipping and other services has fallen off. Part of her merchant fleet was sunk in the war. Many of the other services she sells abroad, such as banking and insurance, are linked with the revival of her trade.

While the war has reduced England's earnings of foreign exchange, some of her foreign expenditures will be increased. The destruction from bombing has to be replaced, and this means increased imports of raw materials. Much of the capital equipment in her factories deteriorated during the war, and this too must be replaced, in part by means of increased imports.

5. What will England do with the credit?



Section 3 of the financial agreement states: "The purpose of the line of credit is to facilitate purchases by the United Kingdom of goods and services in the United States, to assist the United Kingdom to meet transitional postwar deficits in its current balance of payments, to help the United Kingdom to maintain adequate reserves of gold and dollars, and to assist the Government of the United Kingdom to assume the obligations of multilateral trade, as defined in this and other agreements."

Since England needs a large quantity of the kind of goods which the United States can best supply, it is probable that a large part of the credit will be used to finance direct exports from the United States to England. The British will also use the credit to pay other countries for imports, when these countries want dollars to buy imports from the United States. Thus India, for example, will be able to use the proceeds of her exports to England to pay for her purchases in the United States.

#### 9. Is the rate of interest reasonable?

The rate of interest is 2 percent on the outstanding amount of the loan, and interest payments begin in 1951. The effective rate of interest will be somewhat lower than 2 percent, if either substantial amounts of the credit are used before 1951, as is probable, or the interest payment in any year is waived, as is possible under the agreement.

The rate of interest is low compared with what American banks would charge a foreign government. It is not low compared with what England can undertake to pay in dollars. Even with the rate of interest at 2 percent, the payments of interest and principal will be about \$140,000,000 a year for 50 years on the \$3,750,000,000 credit and the approximately \$650,000,000 which the British will owe for the settlement of lend-lease and surplus property. This is a large sum of dollar exchange which the British will have to earn each year and transfer. Over the 50 years the total of interest to be paid will be \$2,600,000,000. This is additional to the principal.

The rate of interest should be considered together with the other provisions of the financial agreement, many of which England would not have agreed to in return for a loan whose carrying charges she would consider beyond her capacity. It should also be remembered that before the negotiations there were many persons who felt that only a grant would make it possible for Britain to abandon the wartime financial and commercial restrictions of the sterling area.

#### 12. Can England repay this credit?

As world trade recovers after the war, it is expected that England will have an expanding income from exports and from insurance, shipping, and overseas investments. By 1951, when the first annual payment on the loan is due, England's foreign exchange income from these sources should be large enough to enable her to make payments without unduly curtailing essential imports. England will use a portion of her foreign exchange income to meet the annual installments on the credit instead of increasing her overseas purchases or adding to her monetary reserves.

Of course, no one can predict with certainty what will happen in the next 50 years. It is possible that world trade will sometimes break down. England made payments on her World War I debt to us until 1931, when President Hoover proposed that payments be suspended on all war debts for 1 year. Because during the depression our imports were reduced and our foreign investments stopped, England was unable to obtain sufficient dollars to resume payment on her war debt.

A primary purpose of the loan is to prevent a break-down in world trade. This purpose will be furthered by the establishment

of the International Monetary Fund and the International Bank and the proposed International Trade Organization. If we succeed in achieving a high level of world trade, there can be little question as to the ability of England to meet her obligations under this loan.

#### 13. Will we have to increase our imports?

Ultimately we must import more goods if we intend to export on a large scale and derive the full benefits of increased international trade. During the immediate postwar period, however, we shall probably be a net investor in foreign countries and the amount of this investment will enable us to export without equivalent imports.

At a later stage we shall not only have to import more, but we shall want to import more. Our population will be greater. Our national income will be greater. In addition we are very likely to need more imports of many raw materials in the future. Some of these raw materials we do not produce at all. Of others, our own resources will be too small for our growing needs.

In the long run increased imports will have the effect of raising our standard of living so long as we maintain employment at a high level, because increased imports mean more goods available for consumption.

#### 19. Why shouldn't the credit be financed by allowing citizens to invest in British obligations directly?

The people who make this proposal overlook the fact that regardless of the terms of the loan, no foreign bond issue of this size could be floated in our markets. Furthermore this is not a practical proposal because the financial agreement involves many considerations other than the extension of a credit.

As explained elsewhere in this document, the real question is whether the long-range interest of the United States requires that England be offered this financial assistance at this time. The credit is designed to make it possible for England to remove discriminatory restrictions on international trade and to associate herself fully with the United States in a program designed to encourage the world-wide expansion of trade.

In other words, the credit to England must be viewed as an integral part of the financial agreement with all of its benefits to American business. It cannot be judged as an ordinary commercial credit.

#### 25. Will England discriminate against us by means of import restrictions?

In section 9 of the financial agreement each Government undertakes not to discriminate against the other through import quotas or like devices. Since England's imports are mainly controlled through import permits, this is an important protection to American exporters. It will last until 1951, when it is expected that the rules of the proposed International Trade Organization will govern.

In practice, this should mean that quotas will not be so administered as to refuse permits for American goods while granting permits for similar goods from other countries.

#### 27. Does the loan give England an advantage over the United States in world markets?

On the contrary, the proposed loan will put American exporters on an equal competitive basis with the British in selling to the countries of the sterling area. Any country that has funds, say sterling, that can be used to buy in England will be able to use the funds to buy in the United States if their people prefer to buy here. No country will be forced to discriminate in its trade as between the United States and the sterling area.

When the accumulated sterling balances are released, it is agreed by England that the money may be used for current payments

anywhere. The money can be used to purchase American, British, or any other goods. 28. Is the British credit a precedent for other loans?

It is not. No other country has the same crucial position in world trade as England. The wide use of the pound sterling in world trade, the large proportion of the world's trade which is carried on by the countries of the British Empire, the extreme dependence of England upon imports—these and other factors mean that the financial and commercial practices of Britain are of the utmost significance in determining what kind of world economy we shall have.

We expect that as a general rule the needs of foreign countries for help will be met through UNRRA, the International Fund, the International Bank, and the Export-Import Bank. If any special case could not be handled through these established organizations, the question of a loan would be put to Congress for its authorization.

#### 29. How is the loan related to the objectives of the United Nations Organization?

The proposed credit to England is vital to the objectives of the United Nations Organization. We have learned from long experience that world peace depends on world prosperity. It is not enough to deal with the political problems that threaten world security. We must also deal with the economic problems that can lead to conflict between nations. The Charter of United Nations Organization recognizes this fundamental interrelationship between peace and prosperity by establishing an Economic and Social Council to encourage and facilitate international economic cooperation.

By promoting a high level of world trade on a multilateral basis, the financial agreement will make an important contribution to world prosperity. It will help assure closer friendship and greater commerce between England and the United States by eliminating the harmful currency and trade practices. It will prevent the danger of economic warfare. In addition, the agreement provides the basis for a broader understanding on international trade practices to be drawn up at the forthcoming conference on trade and employment. The elimination of currency and trade restrictions and discrimination and other forms of economic warfare is essential to the building of a peaceful and prosperous world. That is a major purpose of the financial agreement.

#### 30. What does the United States gain from the financial agreement?

Broadly speaking, each provision of the financial agreement benefits the United States because each is part of the whole structure of cooperation between the two countries in establishing international commercial and financial policies designed to promote the balanced growth of international trade.

THE BRITISH LOAN—WHAT IT MEANS TO US  
(A radio broadcast by Fred M. Vinson, Secretary of the Treasury and Dean Acheson, Acting Secretary of State, January 1946)

ACHESON. The British have agreed to support the American proposals to reduce and eventually eliminate these special privileges. In some ways, the joint American and British statement on commercial policy is the most important part of the agreement. The United States has made certain proposals for consideration by a United Nations trade conference, which we expect will be held late next summer. The British have joined us in these proposals for tariff reductions and an end to hampering restrictions of all sorts.

ACHESON. I think it's wrong to think of the loan simply as a business arrangement. We're not in this to make money out of

Britain. We made what everybody thought was a "businesslike arrangement" after the last war. Foreign governments floated loans, with engraved bonds and all the trimmings, including much higher rates of interest than we're asking the British to pay now. But after the last war the foreign governments found it impossible to repay those loans. And why? Because we tried to collect payments and interest on our loans, while at the same time we refused to let our debtors sell us goods to get the dollars they needed to pay off these debts to us.

VINSON. This time, we are making the loan on terms we believe will make repayment possible. We have a foreign economic policy now which we believe will permit other nations to trade with us and increase the total world trade. In fact, we are working hard to establish a system which will cause trade to expand so much that the British will find it easy to repay us.

ACHESON. The proposed loan, Mr. Fisher, is a financial and economic agreement between two great nations. We did not attempt to use the leverage of the loan to obtain territorial concessions. To demand such concessions as part of the loan agreement would have been like saying to Britain, "Sure, we'll help you get back on your feet, but not unless you hand over some of your territory, and do things our way from now on." You can imagine how any self-respecting nation would react to that. They would have felt we were taking advantage of their necessities to drive a sharp bargain in a totally different field. No, the proposed loan is an economic question. It is as essential to the foreign economic policy of the United States as it is to the future economic prosperity of Great Britain. It's a mutual arrangement for mutual benefits, arrived at out of mutual necessity. And if a lot of extraneous, noneconomic matters had been injected into the discussion, it's doubtful whether an agreement could ever have been reached.

VINSON. \* \* \* And the principal purpose of this loan is to increase international trade generally.

ACHESON. It isn't competitive trade that we fear, it's discriminatory trade—trade hampered by high tariffs, exchange restrictions, quotas, and so on. The British loan enables us to move away from these devices, which limit our ability to sell abroad.

FISHER. To summarize what you've said, then, the proposed British loan is an essential step toward the expanding world trade that we need if we are to remain prosperous. Its terms offer great advantages to both parties. It's a loan, not a gift, and the total credit we shall advance will be very small compared to the benefits we shall receive. The alternative to the loan would be a reversion to destructive economic nationalism such as we had in the period between the last two wars.

#### THE CREDIT TO BRITAIN—THE KEY TO EXPANDED TRADE

(Address by Dean Acheson, Under Secretary of State, February 1, 1946)

This ability to exchange British money for American money has been disrupted by two wars. After the last war we started to exchange our money on the old basis—\$4.86 to the pound sterling—but we were forced to give that up in the 1930's. In this war Great Britain was in the fighting for 6 years. The British poured everything they had into the war and war production. They converted their industry almost completely, cut their civilian standards to a bare minimum, and suffered destruction at home that we were spared. In particular, they cut their exports to the bone. In 1945 they sold abroad

less than one-third of what they sold in 1938. It will take a long time to rebuild that trade.

First, we agree, if Congress approves, to extend to the United Kingdom a line of credit of \$3,750,000,000, which can be drawn on as needed at any time until December 31, 1951.

These are the arrangements about money. The United Kingdom also promises, effective at the end of 1946, not to discriminate against this country in the administration of its quotas upon the quantity of imports.

We are starting on that too. On the same day that the financial agreement was signed there were made public the American proposals for expansion of world trade and employment. With their immediate financial problem cared for by the loan, the British Government was able at once to endorse all of the important points in these proposals. Under them we shall sit down this summer with 14 important countries to reduce all kinds of barriers to trade under the Trade Agreements Act, and we hope shortly afterward to meet in general conference of the United Nations for the same purpose.

In trade, our interest, the British interest, the interest of all countries is in expansion rather than restriction, in greater production rather than scarcity, in equal opportunity rather than discrimination.

We have proposed the framework of an agreement that advances these objectives, and we have asked the people of this country and the governments and peoples of other countries to give it their most serious consideration. One main advantage of the loan agreement with Great Britain is that it makes it financially possible for the world's largest purchaser of foreign goods to join us in that project. They are back of it as thoroughly as we are.

One thing should be made perfectly clear in connection with these trade proposals. They do not involve any present agreement about any American tariff rates, and they do not increase in any respect the President's authority to enter into such agreements. That authority remains exactly what it was before, and is stated in the Trade Agreements Act as that act was last renewed by Congress in June 1945.

The provisions of the loan agreement with Great Britain have been called stiff, and the length of the discussions truthfully suggests that they were not all easy to negotiate. But they all had to do with the commercial and financial facts which were the reason for the credit and with the measures needed for the growth of trade which is the ultimate main source for its repayment. The terms were therefore all germane to the transaction. In the end this had to be admitted.

I have talked a good deal tonight about trade and money, and little about the political foundations of the peace. The political foundations are essential, but one thing we have learned since 1918 is that they are not enough. The organization of the peace means its organization on all fronts. We need not only the Security Council of the United Nations, but the Economic and Social Council also. We need not only the International Court of Justice, but the International Monetary Fund. We need not only the International Labor Organization, but the Food and Agriculture Organization of the United Nations. We need not only the United Nations Educational, Scientific and Cultural Organization, but the International Bank for Reconstruction and Development, and the International Civil Aviation Organization. And I am convinced that when we search our

minds we shall decide that we need the International Trade Organization also, and the British loan that makes it possible.

#### WHY LEND TO BRITAIN?

(By Clair Wilcox, Director, Office of International Trade Policy, the Department of State, January 1946)

We have proposed:

1. That a common code be adopted to govern the regulation of commerce by the nations of the world.
2. That tariffs be substantially reduced and that preferences be eliminated.
3. That quantitative restrictions—quotas and embargoes—be limited to a few really necessary cases and that they be administered without discrimination.
4. That subsidies, in general, should be the subject of international discussion, and that subsidies on exports should be confined to exceptional cases, under general rules.

All of these proposals relate to the reduction or the removal of barriers that governments have placed in the way of private trade. In many cases, however, governments themselves have established public enterprises to buy and sell abroad. And in the Soviet Union the Government has assumed a complete monopoly of its foreign trade. Here we have proposed:

As a means of implementing and supervising all of these undertakings, it is proposed:

9. That an International Trade Organization be created, under the Economic and Social Council, as an integral part of the structure of the United Nations.

These are the proposals that relate to trade. If they are to gain acceptance, assurance must also be given that the nations of the world will seek, through measures that are not inconsistent with them, to achieve and maintain high and stable levels of employment. For this reason, it is proposed, finally:

10. That each nation should agree, individually, to take action designed to provide full and regular employment; that no country should attempt to solve its domestic problems by measures that would prevent the expansion of world trade; that no country, in short, should be free to export its unemployment.

These proposals were not prepared in haste; they date back to article VII of the mutual-aid agreements of February 1942 and have been actively developed by a series of interdepartmental committees, meeting successively under the chairmanship of Under Secretary Acheson and Assistant Secretary Clayton since the spring of 1943. They are not utopian or visionary; they have been hammered out in great detail to meet the actual situation that exists in the world today. They are distinctively American; in substance, if not in detail, they embody the recommendations that have been made by such representative bodies as the Committee on International Economic Policy of the Carnegie Endowment, the Council on Foreign Relations, the National Planning Association, the National Foreign Trade Council, and the Committee on Economic Development. The world that is pictured in these proposals is the kind of a world that Americans want.

This Government will ask the United Nations Organization to call an international conference to consider its proposals sometime during the fall of 1946. In preparation for this conference, it intends to go forward, in the summer, with actual negotiations with several countries for the reduction of barriers to trade, under the provisions of the Trade Agreements Act. Fourteen nations have already accepted our invitation to attend this meeting. It is our belief that these negotia-



tions will afford the greatest contribution that we could make toward the success of the conference itself.

What are the prospects? Can we persuade the other nations of the world to go along with our program? This question brings us to a consideration of the Anglo-American economic agreements which were announced 6 weeks ago. I think that it is fair to say this: If Great Britain is able to join hands with us in this enterprise, the prospects will be very good indeed; if she is unable to do so, the prospects will be very bad. Before the war, the British Empire accounted for a third of the world's trade. The dollar or the pound sterling was involved in half of the exchanges between nations. After the war, this figure will be closer to three-fourths. The United States and Great Britain are the mainstays of the world's economy. Economically, there is no other nation that is anywhere nearly as important to us. It is this fact that gives the Anglo-American understandings their peculiar significance.

These agreements—here are 3 of them—are broad in scope, and they conform to the established pattern of American policy. They provide, first, for the settlement of the war account. As to materials delivered under lend-lease and reverse lend-lease and consumed, before VJ-day, in the prosecution of the war, the slate is wiped clean. Each of us had made his contribution to the common victory. We did not attempt to place a monetary value on blood, sweat, and tears. This time, at least, our relations with our comrades-in-arms are not to be disturbed by an irritating controversy over the war debts. With respect to lend-lease goods still in British hands, American surpluses remaining in the British Isles, and a multitude of individual claims, running both ways, a balance has been struck and the resulting sum of \$650,000,000 is to be paid us, with interest, over 50 years.

The second part of the agreement is an understanding on commercial policy, in which the United Kingdom expresses its full agreement with the American proposals, pledges itself to participate in this summer's negotiations for the reduction of barriers to trade, and undertakes to support the American proposals at the world conference in the fall.

The third item, and the one that has attracted the widest public attention, is the financial agreement. Under its terms, this country would extend to the United Kingdom a line of credit of \$3,750,000,000 against which it could draw at any time during the next 5 years. The sums actually borrowed are to be repaid, with interest at 2 percent, beginning in 1951. The United Kingdom, however, may request the United States to waive the collection of interest (but not of principal), and our Government will grant the request in any year in which dollars are practically unobtainable and the International Monetary Fund certifies that British exports—visible and invisible—have been running too low to enable her to earn her pre-war volume of imports.

This, in brief, is the British loan. It is an integral part of the pattern of the Anglo-American understandings, just as those understandings are an integral part of the pattern of American foreign policy. But it is unlike other peacetime loans in its size, in its terms, and in its purposes. And it understandably raises a number of questions in the minds of the American people. Each of these questions requires an answer. Do they need it? What will they do with it? Can they repay it? What do we get out of it? Can we afford it? What will happen if we don't make it?

Will the loan really be repaid? That is certainly our expectation. Great Britain is a good risk. She has great assets in business

reputation, productive power, commercial skill, and strong political and economic ties with many countries of the world. All that she needs is a chance to come back. The willingness of our negotiators—headed by Mr. Clayton and Mr. Vinson—to extend her a loan was a profession of their faith in her ultimate solvency.

It should be recognized that the circumstances surrounding this transaction are entirely different from those that accompanied the debts arising from World War I. Let me state the differences:

1. Last time, reparations from Germany were payable in cash and our debtors relied upon their share of reparations to get a large part of the money to pay us. When Germany defaulted, they lost the funds on which they had relied. This time, reparations are payable in kind and no one relies on them for money to pay debts.

2. The last war's debts, in the main, represented goods destroyed in battle. They created no new wealth and no new earning power. This time, we are not trying to collect for dead horses or smashed tanks. This loan is for new goods. It will finance the production of new wealth. Like any good commercial loan, it will create the means of its own payment.

5. And this is most important. Last time, we raised our tariffs—in 1921, in 1922, and again in 1930—thus denying our debtors an opportunity to earn the funds with which to pay us. This time we start with the Trade Agreements Act in force, with our proposals for the reduction of trade barriers published to the world, and with conferences to act on these proposals projected for the summer and the fall. This time we intend to let our debtors earn the funds with which to pay us. We have come to recognize our creditor position and to adopt the commercial policy which that position requires. We have demonstrated, at last, that we can learn from history.

6. We get her agreement, by the end of 1946, so to administer her import quotas that they do not discriminate against the United States, thus giving the American exporter, who sells for scarce dollars, an equal opportunity in the British market with exporters who sell for more plentiful currencies.

7. We get Britain's promise to work with us, this summer, toward the reduction of tariffs and the elimination of preferences. Specifically, it is agreed that her existing commitments to Empire countries are not to stand in the way of this program. And it is further agreed that every cut in tariffs, within the Empire, will cut the margin of imperial preference by the same amount. This, again, will enable American businessmen to enter Empire markets more nearly on a basis of competitive equality.

8. We get British support for the American trade program. And this is not a socialist or an imperialist program; it is a liberal program. In short we have obtained Britain's pledge that her foreign economic policy will henceforth be devoted to restoring an international order that is favorable to the preservation and expansion of private enterprise.

All of these matters are directly related to the loan. They are commitments that Britain is enabled to make by virtue of the loan. They are commitments that she could not make if she didn't get the loan. Our negotiators did not seek concessions that would have been extraneous to the loan, concessions that would have challenged British sovereignty and affronted British pride. These agreements are economic, not political. It would have been unwise for us to attempt to push our bargaining power further than it would go. It cannot be said with sufficient

emphasis that the American people want the economic freedom and the trade expansion that are involved in this loan fully as much as the British people want them. In short, we are getting plenty.

#### INTERNATIONAL FINANCIAL PROBLEMS—FINANCIAL AGREEMENT WITH THE UNITED KINGDOM—RELATED SETTLEMENTS AND UNDERSTANDINGS ON TRADE POLICIES

(Finance department, Chamber of Commerce of the United States, Washington D. C., February 1946)

Settlements and understandings: Pertinent to the financial agreement although not requiring ratification by Congress is an additional obligation of approximately \$650,000,000 assumed by the United Kingdom in settlement of lend-lease and reciprocal aid, acquisition of surplus war property, and settlement of claims. This amount, which brings the total British loan to \$4,400,000,000, is to be paid under the same terms as the line of credit.

Also pertinent to the line of credit although not requiring action by Congress is an understanding on commercial policies relating to such matters as tariffs, quotas, discriminations and preferences, world surpluses of primary commodities, cartels, an international trade organization, and international aspects of domestic measures to maintain employment. These subjects are slated for consideration in an International Conference on Trade and Employment. The Governments of the United Kingdom and the United States are in agreement on a set of proposals as a basis for international discussion.

Quid pro quo: Under the financial agreement and related settlements and understandings, both the United States and the United Kingdom make commitments.

The United States agrees:

4. To join with other nations in eliminating or modifying trade barriers, the commitment implying a further reduction in tariffs under the Reciprocal Trade Agreements Act.

#### IV. LEND-LEASE AND OTHER SETTLEMENTS

Wartime lend-lease policy: \* \* \*

Under article VII of the Anglo-American mutual aid agreement of February 23, 1942, it was provided that in the final determination of benefits to be provided to the United States the terms and conditions there shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of worldwide economic relations. To that end, it was stated that the settlement should include provision for common action by the nations directed to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers.

In general, the purpose was stated to be attainment of all the economic objectives of the Atlantic Charter of August 14, 1941, in which President Roosevelt and Prime Minister Churchill pledged their countries to further the enjoyment by all States, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity.

#### V. COMMERCIAL POLICIES

The understandings with respect to commercial policies are based on a printed pamphlet of 28 pages entitled "Proposals for Expansion of World Trade and Employment" which was prepared by a technical staff within the Government of the United States in

preparation for an international conference on trade and employment. The document, which is sponsored by the State Department, is referred to in the joint statement of the United States and the United Kingdom regarding the understanding on commercial policy.

The joint statement sets forth that the proposals have the endorsement of the executive branch of the United States Government and have been submitted to other governments as a basis for discussion preliminary to the world trade conference scheduled to take place not later than the summer of 1946.

The Government of the United Kingdom is stated to be in full agreement on all important points in these proposals and accepts them as a basis for international discussion. That Government, it is asserted, will, in common with the United States Government use its best endeavors to bring such discussions to a successful conclusion, in the light of the views expressed by other countries.

The two Governments, it is further stated, have also agreed upon the procedures for the international negotiation and implementation of these proposals. Preliminary negotiations with other nations already have commenced for the purpose of developing concrete arrangements to carry out the proposals, including definitive measures for the relaxation of trade barriers of all kinds. The negotiations will relate to tariffs and preferences, quantitative restrictions, subsidies, state trade, cartels, and other types of trade barriers discussed in the State Department document.

As to irregularity in production and employment it is proposed that the world conference promote a general agreement by which each country would seek to maintain full and regular production without using measures which would damage other countries and that all should cooperate in exchanging information on antidepression policies. It is held to be important that nations should not seek to obtain full employment for themselves by exporting unemployment to their neighbors.

#### INTERNATIONAL TRADE ORGANIZATION

The proposed International Trade Organization would be the central world agency dealing with trade and would be related to the Economic and Social Council of the United Nations Organization in the same manner as the various organizations having to do with currency, investment, agriculture, labor, and civil aviation.

The purposes of the organization, according to an outline of the principles proposed to be incorporated in the articles of the Organization, should be:

1. To promote international commercial cooperation by establishing machinery for consultation and collaboration among member governments regarding the solution of problems in the field of international commercial policies and relations.
2. To enable members to avoid recourse to measures destructive of world commerce by providing, on a reciprocal and mutually advantageous basis, expanding opportunities for their trade and economic development.
3. To facilitate access to all members, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity.
4. In general, to promote national and international action for the organization of the production, exchange, and consumption of goods, for the reduction of tariffs and other trade barriers, and for the elimination of all forms of discriminatory treatment in international commerce; thus contributing to an expanding world economy, to the establishment and maintenance in all countries of high levels of employment and real income,

and to the creation of economic conditions conducive to the maintenance of world peace.

#### Increased external indebtedness: \* \* \*

External liabilities of the United Kingdom at the time of the outbreak of the European war amounted to only \$1,920,000,000, which has been converted from pounds at the present exchange rate to facilitate comparison with recent figures. The total increased to \$5,235,000,000 in December 1941, when the United States entered the war, and to \$13,525,000,000 on June 30, 1945. Of the \$13,525,000,000, \$12,300,000,000 was in the form of net quick external liabilities and \$1,225,000,000 in loans.

Total loss in national wealth: The above statistics deal entirely with Britain's external position. The total wartime losses of national wealth are estimated in the official British statistics at \$30,000,000,000, a reduction of 25 percent from the prewar national wealth of \$120,000,000,000. The \$30,000,000,000 includes, besides about \$17,000,000,000 for loss of external wealth, \$6,000,000,000 for physical destruction on land, \$3,000,000,000 for destruction of shipping and cargoes, \$3,500,000,000 for the amount by which industrial and other enterprises have been compelled, by shortages of materials and labor, to allow arrears of normal depreciation and obsolescence to accumulate, and an unestimated amount for deterioration of residential property.

#### Commerce Department estimate: \* \* \*

The net income from overseas investments in 1952 is estimated at the equivalent of \$705,000,000, which is somewhat below the prewar income, and that from shipping at \$665,000,000, which is much higher than before the war.

Price levels: The large increase in export and import price levels in the United Kingdom complicates the problem in attaining a balance of international payments. Such prices are said to be at present more than 90 percent above prewar levels. Average import prices increased 91 percent between 1938 and 1944 while average export prices increased by 78 percent. Domestic prices have been held down by subsidies.

If the British are correct in figuring the future price level at a level greatly above that of 1938, an increase in exports of from 50 to 75 percent in volume over 1938 would mean a much greater percentage increase in value.

Invisible items, such as income from shipping and foreign investments, might not reflect fully the increase in export and import prices in the United Kingdom.

Experts of our Department of Commerce apparently do not accept the British figures but have estimated the future British export and import price level at from 25 to 50 percent above prewar. One of these experts used 33½ percent as a rough estimate of the increase in the level of British prices for 1946-49 over 1938.

Prices double the level of 1938 were apparently used by Lord Keynes in a calculation in a speech in the House of Lords in which he emphasized the very large increase in exports which must take place before the British are required to pay any interest on the loan from the United States. Lord Keynes asserted that no interest would be paid for 6 years and after that not until exports have reached a level at least 60 percent greater in volume than before the war.

Lord Keynes said further that the maximum payment in any year, \$35,000,000, or \$140,000,000, which is the total annual payment of principal and interest on \$4,400,000,000, does not become payable until our ex-

ternal income—that is from exports and shipping and the like—is, in terms of present prices, 50 times that amount." He added that the minimum payment for principal, \$13,000,000, or \$52,000,000, is less than 1 percent of the external income which must be reached.

#### Basis of Keynes estimate: \* \* \*

Exports of British merchandise in 1936-38 averaged £477,000,000. A 60 percent increase in volume of such exports, as held by Lord Keynes to be necessary, would mean a value of £763,000,000, without taking account of a change in the price level. If the price level is assumed to be doubled, the total would be £1,526,000,000.

Expansion of British export trade: By the time the 5-year transition period has elapsed it is expected that the income from British foreign investments and from shipping services will increase substantially over present totals. However, major reliance in the program for an enduring adjustment of the British balance of payments must be upon an expansion of exports to a level far higher than before the war.

Part of this expansion may be facilitated by a reorganization of British manufacturing industries with a view to attainment of efficiency approaching that of American industry. A large part of the expansion may be possible, however, only if there is a general lowering of trade barriers by other nations.

The foundation of the financial agreement and the accompanying understandings with respect to the elimination of exchange controls and trade restrictions is a broad plan for an expansion of the foreign trade of all nations on a basis of multilateralism and freely convertible currencies.

While there is considerable skepticism in Britain as well as in the United States as to the possibility of reaching the goal for British exports, officials of the United States Government express confidence that it can be done. Comments in the leading editorial article in a recent issue of the Federal Reserve Bulletin are significant in this connection.

#### An excerpt from the article follows:

"The proposed American loan to the United Kingdom is intended primarily to meet the deficit in Britain's balance of payments during the period of transition from a war economy to a peace economy. Once this period of readjustment has passed, it is anticipated that the United Kingdom will be able to pay for its necessary imports with the proceeds of exports and with income from overseas investments, shipping, insurance, etc., while at the same time making payments of principal and interest on both its foreign loans and its accumulated sterling obligations. With a sound program for rebuilding and modernizing British industries, it should be possible for them to expand exports sufficiently to realize this goal. And once a balanced position is achieved, gradual payment of its overseas obligations will not place a serious strain on the British economy.

"A balanced international position will not occur automatically, however, but only as the result of a well-planned policy of trade expansion. A prerequisite to trade expansion is modernization of British industry. Many British industries have not kept pace with their American counterparts in the adoption of technological improvements. As a result, costs of production in the United Kingdom have tended to increase relative to costs for similar products in the United States. \* \* \*

"Since coal, textiles, and textile products accounted for more than one-fourth of the volume of prewar exports, it would appear that modernization of these industries is essential to the establishment of postwar exports on a sound basis. \* \* \*



"With modern and efficient plant and equipment and a conscious effort to adapt production to the changing requirements of Britain's customers the competitive position of the United Kingdom in world markets should be better than it was before the war. But British exports obviously cannot be kept at a high level without a high and sustained level of world income. A prolonged world depression, such as was experienced in the early thirties, would seriously impair the ability of the United Kingdom to liquidate its external debts, and might well lead to an intensification of the trade controls and exchange restrictions which the present agreement between the United States and the United Kingdom is intended to reduce.

"The establishment and maintenance of this high level of world income will depend to a large extent upon developments in the United States."

#### IX. FUTURE FOREIGN TRADE OF THE UNITED STATES

The financial agreement and related understandings with the United Kingdom have a conspicuous place in the program of the United States Government for an expansion of American foreign trade.

The credit would facilitate purchases of goods and services from the United States not only by the United Kingdom but also by other nations which may receive dollars from the United Kingdom. It would tide over the period in which the United Kingdom otherwise would be unable to assume the obligations of multilateral trade, held to be essential for an expansion of American foreign commerce.

Department of Commerce goals: Without a widespread removal of present exchange controls and trade restrictions, our Government officials would not venture to talk of a possible \$10,000,000,000 in exports and \$7,000,000,000 in imports annually. These totals, which have been put forward as goals rather than as estimates of actual trade, would be balanced by such items as foreign loans and investments and imports of gold. The total of \$10,000,000,000 of exports would be almost double that in the boom year of 1929, while \$7,000,000,000 in imports would be nearly 60 percent greater than the 1929 figure. Exports in 1938 were a little in excess of \$3,000,000,000 while imports were slightly below \$2,000,000,000.

The projected \$10,000,000,000 of exports contemplates an increase in shipments to the United Kingdom and other British Empire countries proportionate to the total increase to all countries.

An excerpt from the Department of Commerce analysis of trade possibilities follows:

"If the British Empire and Latin America are to maintain approximately their prewar standings, a \$10,000,000,000 export total would mean exports of about \$4,000,000,000 to the British Empire and of half that amount to Latin America. To be more specific, a \$10,000,000,000 export volume would mean, on the basis of the prewar distribution of trade, sales in the order of \$1,500,000,000 both to the United Kingdom and to Canada, our foremost customers before the war.

"Looking at some of our numerous smaller markets, we should have to sell between \$200,000,000 and \$300,000,000 to each of the following countries: Mexico, Cuba, Brazil, Argentina, Australia, Union of South Africa, Belgium, the Netherlands, Sweden, and Italy. On the same basis exports would have to total between \$100,000,000 and \$200,000,000 to Colombia, Venezuela, Chile, New Zealand, and India.

"These figures are all much higher than we ever achieved in the past, and some of them may appear wholly improbable. For instance, exports to the United Kingdom averaged about \$840,000,000 during the peak years

1926-30 and did not greatly exceed \$500,000,000 in any year after the great depression and up to the war.

"Unless, with American aid, the United Kingdom achieves a truly remarkable recovery from its present difficulties, it may seem that our exports to that country could not exceed \$1,000,000,000 per year at the most. If so, we should either have to find markets elsewhere for an additional \$500,000,000 of our goods beyond the individual country figures already suggested, or be forced to conclude that a \$10,000,000,000 goal is unrealistic."

#### XII. POSSIBLE DANGERS IN PROPOSED CREDIT

Various possible weaknesses in the proposed credit to the United Kingdom have been pointed out by critics. These have to do with such questions as the ultimate repayment of the loan, aid to a government which is committed to socialistic principles, inflationary effects and possible interference with the reconversion of domestic industry, protection of industry and agriculture, and fiscal and monetary aspects.

Gift or loan: Whether the loan would prove to be a gift or a loan without interest may well be a moot point. In the light of the experience with the indebtedness of World War I, the waiver clause applying to interest is more realistic than any arbitrary requirement for its repayment. Complete assurance even as to the full payment of principal is not possible. There is, however, an important difference between the proposed credit and the World War I debt. The latter was for war expenditures and was comparable to Lend-Lease aid of the recent war.

Lend-lease assistance to the United Kingdom without expectation of repayment has been accepted as having justification because of common interests in the war effort. There is support in the United States for the British view that the same considerations would have justified continued aid on a Lend-Lease basis until wartime dislocations are corrected.

Whether the loan actually is repaid as to principal as well as interest may depend to a considerable extent upon the willingness of the United States to accept payment in goods.

Protection of industry and agriculture: The credit to the United Kingdom and other features of the program, including any lowering of our tariffs, might place British manufacturers in a better position to compete with American industry and agriculture in world trade. British products might be sold more readily in our domestic markets.

Offsetting these factors, however, would be the opening of new markets to American manufacturers and agricultural producers through the elimination or lightening of British restrictions, including the dollar pool and other sterling area arrangements, Empire tariff preferences, quotas and exchange controls. Trade barriers of nations other than the United Kingdom would be lowered as part of the agreements of the International Conference on Trade and Employment.

In general, there is recognition that increased imports are desirable in our own as well as in the world interest. To the extent that greater imports would widen our export markets they would contribute to domestic employment.

Reduction in some United States tariffs under the liberalized Reciprocal Trade Agreements Act may be disturbing to specific industries and agricultural enterprises which must rely upon protection against foreign producers whose wage scales and other costs are lower.

#### XIII. TRENDS OF BRITISH OPINION

Large majorities in the favorable votes for ratification of the financial agreement by the British Parliament testify to a preponderance of opinion in the United Kingdom in its support. At the same time, there has been considerable opposition from those who view the terms of the loan as needlessly harsh and from those who would prefer a strengthening of sterling area restrictions and bilateral agreements to the multilateral, nondiscriminatory trade contemplated under the present program.

Speech by Lord Keynes: In his speech in the House of Lords at the time of ratification of the financial agreement, Lord Keynes, who was a conspicuous member of the British delegation which negotiated it and who also was chairman of his country's group at the Bretton Woods Conference, emphasized by striking comparisons the very liberal terms granted to the United Kingdom.

An excerpt from Lord Keynes' speech follows:

"It is relevant, I think, to remind your Lordships that the maximum charge to use in respect of the early years is not much more than half of what is being charged in respect of loans which the United States is making currently to her other allies, through the Export-Import Bank or otherwise; whilst the minimum charge percent, to which we have been asked to commit ourselves in the early years, is only one-fifth of the annual service charge which is being asked from the other allies. None of these loans is subject to a 5-year moratorium. All the other loans which are being made are tied loans limited to payments for specific purchases from the United States. Our loan, on the other hand, is a loan of money without strings, free to be expended in any part of the world."

"I have heard suggestions made that we should have recourse to a commercial loan without strings. I wonder if those who put this forward have any knowledge of the facts. The body which makes such loans on the most favorable terms is the Export-Import Bank. Most of the European allies are in fact borrowing or trying to borrow from this institution. The most favorable terms sometimes allowed as, for instance, in the case of France, for the purpose of clearing up what she obtained through the lend-lease machinery, are 2½ percent, with repayment over 30 years, beginning next year; that is to say, an annual debt of 5½ percent, so that an amount equal to 34 percent of this loan will have been paid by France during the 6 years before we have begun to pay anything at all. The normal commercial terms in the Export-Import Bank are, however, 3 percent, repayable over 20 years commencing at once, so that payments equal to 48 percent of the loan would have been paid during the first 6 years in which we pay nothing."

Lord Keynes said that the amount of the credit did not allow a sufficient margin for unforeseen contingencies and yet was substantial. He said he would never cease to regret that it was not an interest-free loan.

Winston Churchill: A more critical note was sounded by former Prime Minister Winston Churchill in the debate in the House of Commons on December 13, 1945.

Mr. Churchill said:

"If the United States had seen fit to say 'We shall give a grant-in-aid or a loan without interest' it would have been very natural to share their benevolent act and understanding on other matters. As it is, we seem to have the worst of it both ways. Everyone has drawn attention to the proposal that sterling be convertible into dollars within so short a time as 15 months, whereas at Bretton Woods it was contemplated that there should be a delay of as much as 5 years before we accepted convertibility as a definite legal obligation."

"The convertibility within 15 months appears to be a proposition so doubtful and perilous that in practice we can only hope it will defeat itself. It is—in fact we hope—too bad to be true."

**London Economist:** Many criticisms of the financial agreement and related proposals have been voiced by the *London Economist*.

Excerpts from comments by this well-known publication immediately following the signing of the agreement follow:

"In 1938 the exports of the United Kingdom were just over 10 percent of the world total, so that if they are to rise by three-quarters an extra volume of trade must be won equal to 7½ percent of the world total, either by taking it away from others or by securing the lion's share of any likely increase in the total. This by itself would be a gigantic task. But it understates the real problem. The whole of the increase will necessarily be concentrated on manufactures, and if the total is to rise by 75 percent the volume of manufactured exports, which were 72 percent of the total before the war, will have to rise by just over 100 percent. But British manufactured exports in 1937 amounted to 19 percent of the world total in this category. In short, in this decisive field, the British task is to secure additional markets equal to one-fifth of the whole international trade of the world.

"Clearly, if this can be done at all, it will require the use of every possible bargaining weapon in the armory, of every trump card in the pack. It is all very well to say that reciprocal bargains, preferences, quotas, subsidies, blocked balances, and exchange controls can be abused. Of course they can; but they can also be used legitimately and they certainly will have to be used if the task is to be accomplished \* \* \*. It is very difficult to understand how any man in his senses can think that the obligations now to be assumed can possibly be fulfilled \* \* \*.

"This crippling of Britain's bargaining strength is the first of the major objections. We cannot accept the American doctrine of 'nondiscrimination' and hope to get our exports up to the required level. We cannot survive without the methods that are called 'reciprocal' by those who practice them and 'bilateral' by those who object. \* \* \*. Every nation in the world practices discrimination in one form or another. The Americans discriminate quite openly and powerfully in their loan policy, in their shipping laws, and most ostentatiously in their immigration restrictions. We have at least as much right as they to employ the methods of discrimination that we find useful.

"The second major defect of the proposals is that they virtually rule out the possibility of a planned expansion of international trade. \* \* \*. The only way in which a state can plan its trade upward is by entering into agreements with other states for the mutual assurance of export markets—and that is to be banned."

The *Economist* concluded its analysis of the proposals with the comment that "all this, no doubt, is unavoidable" and that "beggars cannot be choosers" but "they can, by long tradition, put a curse on the ambitions of the rich."

#### XIV. EXCERPTS FROM STATEMENTS IN SUPPORT OF PROGRAM

**President Truman:** In his special message to Congress transmitting the financial agreement for its approval, President Truman said, in part:

"It is not too much to say that the agreement now transmitted will set the course of American and British economic relations for many years to come. In so doing it will have a decisive influence on the international trade of the whole world. Those who represented the United States in these discussions

and those who represented the United Kingdom were fully aware of the fundamental nature of the problems before them. After long and careful consideration they agreed upon the arrangements which in my opinion will provide a solid foundation for the successful conduct of our economic relations with each other and with the world. \* \* \*

"The financial agreement will enable the United Kingdom, through the prompt relaxation of exchange restrictions and discriminations, to move side by side with the United States toward the common goal of expanded world trade, which means expanded production, consumption, and employment and rising standards of living everywhere. \* \* \*

"The financial agreement also makes it possible for the United Kingdom to give wholehearted support to the proposals for expansion of world trade and employment which the United States has recently put forward as a basis for international discussions by the United Nations. \* \* \*

"The implementation of the financial agreement will be a great contribution to the establishment of a permanent state of peace and prosperity. We are all aware of the dangers inherent in unchecked economic rivalry and economic warfare. These dangers can be eliminated by the firm resolution of this Nation and the United Kingdom to carry forward the work which has been so well begun."

**Secretary of the Treasury Vinson:** In an address seeking public support for the financial agreement, Secretary of the Treasury Vinson said, in part:

"It is unfortunate that there have been some intemperate statements concerning the terms of the proposed loan. In Britain they have been called too hard, in the United States, too easy. They are, in my judgment, fair to both countries. They take account of Britain's need for aid and her ability to repay. They take account of the financial cost to this Government of providing aid to Britain. The interest charged Britain is reasonable comparable to what it costs this Government to borrow money.

"The amount of the proposed British credit is large, but it is needed to do the job. Three billion seven hundred and fifty million dollars is a lot of 'do-re-mi' in anybody's book. But war, including its aftermath, is costly business. This loan represents about 2 weeks of our expenditures for war toward its close. In my judgment, this is not an expenditure but an investment. It is sound business for America. \* \* \*

"The significance of the financial agreement with Britain goes far beyond its economic effects, important though they are. This is a world in which all countries must work together if we are to live in peace and prosperity. The alternative—God save us—is to perish together. Mankind surely has the wit and the will to choose not death but life."

**United States Associates:** The executive committee of the United States Associates of the International Chamber of Commerce in a report approving the financial agreement set forth following conclusions:

"1. The committee believes that the extension of the line of credit on the terms and conditions proposed would be a major step in the restoration of world commerce and toward the elimination of state direction and control. The forces of private enterprise throughout the world would be strengthened.

"2. The proposed loan would by no means solve Britain's fundamental economic problems. That can be done only through rehabilitation and modernization of her productive facilities, and the rebuilding of her export trade on sound and efficient lines. The credit would, however, give Great Britain a breathing space in which to readjust her economy to her new economic position.

"3. This credit arrangement must not be regarded as establishing a pattern for similar loans to other countries. For reasons that are stated herein, the British case is unique. The committee is concerned over the growth of inflationary tendencies in all countries, and urges prudence in the development of our foreign lending program. Excessive lending of public funds will not only mean a heavier burden upon the United States taxpayer, but we may find that, instead of financing a sound recovery, we are repeating the experience after World War I when we contributed to financing a boom and generating the economic dislocations which brought on depression."

#### XV. CHAMBER POLICIES

Endorsement of the financial agreement with the United Kingdom and related trade proposals has been voted by the board of directors of the Chamber of Commerce of the United States. Text of the board's statement is printed as a preface to this pamphlet.

The board's advocacy of ratification of the agreement by the Congress is consistent with formal declarations of policy approved by the member organizations of the chamber in recent years. These declarations have to do with stabilization of currencies, the removal of controls and other restrictions upon world trade, a wider production and distribution of goods among the nations, and a reciprocal adjustment of tariffs.

A basic premise, that stability of the pound sterling in relation to the dollar is a prerequisite to any program for stabilization of currencies, is a part of chamber policy under a declaration approved by member organizations in a referendum in June 1944. In that declaration it was urged that "endeavors should be encouraged to establish definite rates between the dollar and pound sterling, which are so greatly used in world trade, with subsequent relation thereto of the currencies of other countries as they make necessary adjustments." Without substantial assistance to the United Kingdom during the transition period there appears little likelihood of early establishment of stable currencies which are freely convertible and not subject to present exchange controls.

Removal of controls and restrictions upon world trade, as contemplated in understandings with the United Kingdom, was urged in a referendum on postwar foreign trade approved by the chamber membership in June 1945 as well as in statements of policy in earlier years.

In the 1945 declaration, the chamber endorsed the principle that "a greater production and wider distribution of goods at lower prices to all peoples from all sources of the world will improve the level of world prosperity and promote a gradually rising world standard of living." Approval was given to "the principle of nondiscriminatory, multilateral economic relations" as the basis for this country's foreign economic policy.

In the same declaration, it was maintained that "the existence of excessive and unreasonable tariffs and all forms of discrimination, whether through exchange controls, quotas, preferential treatment, monopolies, subsidies, bilateral trade and exchange agreements and other trade restrictions seriously obstruct such wider production and distribution."

The 1943 annual meeting of the chamber declared that "as soon as war conditions permit, it should be the objective of the Government to pursue a policy that will maintain and increase the volume of export trade and foreign business transactions of American enterprises." At the same meeting it was held that the policy of the Reciprocal Trade Agreements Act should be continued with a view to the negotiation of effective agreements for the reciprocal and selective



adjustment of tariffs, quota restrictions, and other obstacles to the reasonable flow of goods and services. Under that declaration it was stipulated that the agreements should not be permitted to cause destructive competition in American agriculture or industry.

It was with the background of these policy declarations that the board of directors expressed conviction that "the proposed credit and related understandings would be to the advantage of the United States," that "no other program offers equal assurance of world trade on a multilateral and nondiscriminatory basis," and that "the alternative is extensive and harmful economic warfare among rival groups of nations."

The board, however, held that the United Kingdom should not have "priority of purchases as against the needs of the American economy" and that "the amount or terms of this credit should not become a precedent for transactions with other nations whose particular situations may justify assistance by the United States."

Mr. JOHNSON of Colorado. Mr. President, few Americans stop to consider that the bonds of the United States are tied directly to our currency. Federal securities and Federal bonds are convertible into paper dollars at par value any day of the year. So, for all practical purposes, every outstanding bond is printing-press money. We have already debased the dollar until it is now only worth 50 cents. Further action along this line is the road to ruin. The living standards of America go down and prices go up with each turn of the wheel. Our printing presses are hard at work night and day printing dollars by the truckload. If any Senator wants a bad case of the jitters let him go down to our paper-money factory right here in Washington and watch the flood destroying America roll out in a never-ending stream.

The only way our Treasury can secure the dollars to make the huge foreign loans now contemplated is by floating new bond issues which in time will be converted into additional printing-press money, and so the spiral spins and the volume of paper dollars grows. This never-ending chain reaction will eventually debase the currency of this country to the breaking point. Recently before the Banking and Currency Committee of the Senate, America's beloved elder statesman, Bernard Baruch, uttered some ringing sentiments of wisdom and logic with respect to the dangers of inflation which should be drilled into the mind of every Member of Congress. He put it, as he said, in capsule form. Here is one of his atomic-bomb capsules: "Stop increasing money supply."

The gladiator, with the Stars and Stripes for his banner, impatiently awaits the supreme moment when he shall enter the arena to engage in mortal combat. He is to fight for an equitable peace against the tradition of frequent wars, the pressure of power politics, and the cruel policy of dollar diplomacy. His splendid armor glistens in the bright sunlight of humanity's hope; and then as he waits for the bell he sips moderately of the intoxicating beverage of inflation. It makes him feel strong and gives him a new confidence. He indulges a little more and his voice grows loud and his language profane; he is full of fight; he enters the arena now,

but his legs wobble and his strong right arm strikes a feeble blow and in the wrong direction. He is dead drunk. Inflation has got him. The Stars and Stripes that floated so proudly in the wholesome breeze of the liberty he intended to defend lies bedraggled at his feet. He has lost the fight for which he trained 150 years.

Congress and Congress alone must assume responsibility for the destruction of America by capitalism's ancient enemy—inflation.

I wish to emphasize and summarize some of the arguments which I have made. The proponents of the pending measure have evaded these specific points and have indulged all too much in glittering generalities in this historic debate. Here are the points upon which I demand clear-cut, unequivocal comment from the proponents of the iniquitous pending resolution:

First. The proposed loan to the United Kingdom will destroy the traditional friendship between the United States and the United Kingdom and will be the source of world-wide jealousy, hatred, and ill will.

Second. A world-wide disarmament conference should precede the granting of credits by the United States. The United Kingdom is currently spending four thousand three hundred and sixty-four millions this year on rearmament.

Third. There is said to be considerable support for the British loan in the United States because of fear of Russia. I do not share that fear in any degree, but, if I were afraid of Russia, I should not want to weaken the United States by lavish world-wide loans or otherwise.

Fourth. It is not sterling-area trade agreements, it is the unliquidated sterling-area claims which will upset world trade. A loan of three thousand seven hundred and fifty millions cannot and will not liquidate the fourteen thousand million in sterling-area claims. At best it can only provide temporary relief, and the initial loan must be followed by periodic loans of an equal amount each 5 years if we are to keep the sterling area solvent until all of its claims are liquidated.

Fifth. Sterling-area blocked credits should be scaled down 50 percent, which is only halfway along the road we have traveled in our ultragenerous cancellation of lend-lease credits. After such a scaling down, the balances of blocked-sterling claims should be refunded on the identical terms of our projected 50-year loan before we make the loan.

Sixth. Exports can be increased only by increasing imports or by giving other countries American dollars. Money loaned by us will increase exports while the loan is being spent, but, while it is being repaid, exports must diminish in an amount equal to such payments.

Seventh. The proposed loan to Britain is a unilateral concept, and does not fit into our multilateral scheme for world commerce. Multilateral lending should accompany multilateral trading. We should have one policy, not a senseless mixture of unilateral credits on this front, and multilateral trade agreements on some other.

Eighth. Inasmuch as additional bond issues floated by the United States Treasury are in reality printing-press money since they may be readily converted to Federal Reserve notes, we can only stop increasing the supply of money when we stop issuing Federal bonds. The dollar, already debased, will be worthless if the cycle from loans to bond issues to printing-press money does not stop.

If the proponents of the proposed loan continue to ignore these arguments, one must conclude that there is no convincing answer.

Mr. BREWSTER. Mr. President, will the Senator from Colorado yield?

Mr. JOHNSON of Colorado. I yield.

Mr. BREWSTER. I have before me certain figures dealing with the subject of our trade relations during the past 25 years. They should be placed in the RECORD before we conclude the discussion of the pending joint resolution. Therefore, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a statement entitled "Analysis of Increased Import Trade in 1920, Together With a Table Showing Indexes of Changes in Quantity, Price, and Value of Imports and the Domestic Wholesale Price Index 1913 to 1927."

There being no objection, the statement and table were ordered to be printed in the RECORD, as follows:

#### ANALYSIS OF INCREASED IMPORT TRADE IN 1920

The accompanying tables contain a summary and analysis of the import trade with particular reference to the increase in the value of imports which occurred in 1919 and 1920. This memorandum discusses these tables and some of the factors which influenced the trade.

Table 1 gives the United States imports by years under each of the tariff acts from 1909 to date and breaks down the statistics to show the amount of the trade that was free and the amount of the trade subject to duty. As will be seen from the table, the value of our total imports increased rather steadily under the Tariff Acts of 1909 and 1913, reaching a peak in 1920 which was considerably above any previous or subsequent year.

In analyzing the situation, it is to be noted that the ratio of the free imports to the dutiable imports increased in every year from 1910 through 1918. In 1919 there was a small decrease in the ratio of free imports and in 1920 a marked decrease. Stated another way, the increase in total trade which occurred in 1920 was largely accounted for by a substantial increase in the proportion of dutiable commodities—a relationship that was held in 1921 and 1922 and increased substantially in 1923 in spite of the increased duties in the Emergency Tariff Act effective in May 1921 and the Fordney-McCumber Tariff Act of September 1922.

Another interesting point which is brought out in this table concerns the equivalent ad valorem on dutiable imports. Under the Underwood law the equivalent ad valorem of the duty decreased rather steadily between 1914 and 1920, with a marked drop in 1920. This was followed by a marked increase in 1921 and 1922, the equivalent ad valorem in 1922 being practically the same as in 1914. As indicated in the headnote of the table, these changes in equivalent ad valorem are not to be taken too seriously, but the comparisons are interesting.

Tables 2a and 2b list the principal groups of items imported in 1912, 1920, and 1925 and

give a good general idea of what made up the total imports for those years. Since the principal increase in 1920 occurred in the dutiable list the discussion is confined to dutiable items. It should be noted in connection with this discussion that there were some shifts between the dutiable and the free list brought about under the Emergency Tariff Act and the Tariff Act of 1922, and to the extent that the transfers affect these principal groups of items the figures for the respective years are not comparable. It is probable, however, that with the exception of the group covering "wool and manufactures," the transfers don't have to be given much consideration. (Raw wool was dutiable in 1912, whereas imports of raw wool for use in carpets was made free in the Tariff Act of 1922 and represents a substantial item in the import trade.)

The interesting point that is evident from a study of table 2a is the importance of sugar, and cotton manufactures in the total. Of the total dutiable imports in 1920 amounting to \$1,980,000,000, these two groups accounted for \$1,040,000,000, or 52 percent.

Table 3 goes one step further in the analysis. That table gives the trade in the principal items making up the important groups covered in table 2a and 2b. The items represent about 60 percent of the group totals. It shows, in addition to the value, the quantity of the imports so that you can judge the change in trade not only from the point of view of value but also of quantity

and thus see the effect of price changes during this period on the value of our imports. In some cases the items shown make up almost the entire group total; in other cases they fall far short of it. For example, cane sugar was taken from the total sugar group and accounts for most of it. Wool, unmanufactured, and woolen and worsted cloth were taken from the wool and manufactures group but cover a much smaller percentage of the total than in the case of sugar. The outstanding thing to be noted in table 3 is the increases in unit value which occurred between 1912 and 1920. In some cases these unit values by 1925 had returned to the 1912 level; however, in the majority of cases, although the 1925 values were lower than in 1920, they still remained higher than 1912.

As previously mentioned, sugar was the most important single item in our 1920 imports. The unit value of cane sugar was 2.8 cents in 1912, 12.4 cents in 1920, and 2.6 cents in 1925. Although the imports of sugar in quantity were somewhat higher in 1925 than in 1920, the total value of the imports in 1925 was only \$200,000,000 as compared with \$912,000,000 in 1920.

In connection with the change in prices it is of interest to study the following indices for imports and for domestic wholesale prices covering the period under discussion. The index for quantity of imports indicates that the imports in 1920, while somewhat higher than in 1919 and 1921, were lower than in the years which followed.

*Indexes of changes in quantity, price, and value of imports and the domestic wholesale price index, 1913-27*

Year	Imports			Domestic wholesale price index
	Quantity	Price	Value	
1913 taken as 100:				
1913.....	100	100	100	100
1910-14 <sup>1</sup> .....	( <sup>2</sup> )	( <sup>2</sup> )	94	98
1921-25.....	151	126	192	151
1919.....	125	174	218	206
1920.....	139	213	294	226
1921.....	120	117	140	146
1922.....	154	113	174	149
1923.....	161	132	212	154
1924.....	156	129	201	150
1925.....	166	142	236	159
1926.....	178	139	247	151
1927.....	180	130	233	147

<sup>1</sup> Fiscal years.

<sup>2</sup> Indexes not calculated for 1910-14.

Source: Statistical Abstract of the United States, 1928.

Mr. BREWSTER. I ask unanimous consent to have printed in the RECORD a table numbered 1 showing the average ad valorem rates of duty on imports into the United States, by years, under specific tariff acts, from 1910 to 1944.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 1.—Average ad valorem rates of duty on imports into the United States, by years, under specified tariff acts<sup>1</sup>

[There are 2 fundamental difficulties in measuring average rates of duty under different tariff acts by the use of statistics of imports: (a) The change in the character and quantity of the articles imported from year to year, and still more from decade to decade; (b) the change in the general price level and even in the prices of single major commodities. Unless due regard is given to these changes, comparisons between different years are likely to be misleading]

[Values in thousands, i. e., 000 omitted]

Fiscal years 1910-18; calendar years 1919 and succeeding years	Imports for consumption						Equivalent ad valorem rates	
	Free	Percent free	Dutiable	Percent dutiable	Total	Duties collected	Dutiable	Free and dutiable
							Percent	Percent
<b>Payne-Aldrich law (effective Aug. 6, 1909):</b>								
1910.....	\$761,353	49.2	\$785,756	50.8	\$1,547,109	\$326,562	41.6	21.1
1911.....	776,964	50.8	750,981	49.2	1,527,945	309,966	41.3	20.3
1912.....	881,513	53.7	759,210	46.3	1,640,723	304,899	40.2	18.6
1913.....	986,972	55.9	779,717	44.1	1,766,689	312,510	40.1	17.7
Annual average.....	851,701	52.6	768,916	47.4	1,620,617	313,484	40.8	19.3
<b>Underwood law (effective Oct. 4, 1913):</b>								
1914.....	1,152,393	60.4	754,008	39.6	1,906,400	283,719	37.6	14.9
1915.....	1,032,863	62.7	615,523	37.3	1,648,386	205,747	33.4	12.5
1916.....	1,495,881	68.6	683,153	31.4	2,179,035	209,726	30.7	9.6
1917.....	1,852,531	69.5	814,689	30.5	2,667,220	221,659	27.2	8.3
1918.....	2,117,555	73.9	747,339	26.1	2,864,894	180,590	24.2	6.3
1918 (July-December).....	1,149,882	79.1	303,079	20.9	1,452,961	73,854	24.4	5.1
1919.....	2,711,462	70.8	1,116,221	29.2	3,827,683	237,457	21.3	6.2
1920.....	3,115,958	61.1	1,985,865	38.9	5,101,823	325,646	16.4	6.4
1921 <sup>1</sup> .....	1,564,278	61.2	992,591	38.8	2,556,869	292,397	29.4	11.4
1922 <sup>1</sup> .....	1,888,240	61.4	1,185,533	38.6	3,073,773	451,356	38.1	14.7
Annual average.....	1,903,268	66.3	968,211	33.7	2,871,479	261,279	27.0	9.1
<b>Fordney-McCumber law (effective Sept. 22, 1922):</b>								
1923.....	2,165,148	58.0	1,506,621	42.0	3,731,769	566,664	36.2	15.2
1924.....	2,118,168	59.2	1,456,943	40.8	3,575,111	532,286	36.5	14.9
1925.....	2,708,828	64.9	1,467,390	35.1	4,176,218	551,814	37.6	13.2
1926.....	2,908,107	66.0	1,499,969	34.0	4,408,076	590,045	39.3	13.4
1927.....	2,680,059	64.4	1,483,031	35.6	4,163,090	574,839	38.8	13.8
1928.....	2,678,633	65.7	1,399,304	34.3	4,077,937	542,270	38.8	13.3
1929.....	2,880,128	66.4	1,458,444	33.6	4,338,572	584,837	40.1	13.5
1930 (Jan. 1-June 17).....	1,102,167	64.6	603,891	35.4	1,706,058	269,357	44.6	15.8
Annual average.....	2,565,490	63.8	1,458,080	36.2	4,023,570	561,615	38.5	14.0
<b>Hawley-Smoot law (effective June 18, 1930):</b>								
1930 (June 18-Dec. 31).....	979,016	69.5	429,063	30.5	1,408,079	192,528	44.9	13.7
1931.....	1,391,693	66.6	696,762	33.4	2,088,455	370,771	53.2	17.8
1932 (see note).....	885,536	66.8	439,537	35.2	1,325,073	259,600	59.1	19.6
1933.....	903,547	62.1	529,466	36.9	1,433,013	382,681	53.6	19.8
1934.....	991,161	60.6	644,842	39.4	1,636,003	301,168	46.7	18.4
1935.....	1,205,687	59.1	832,918	40.9	2,038,605	357,241	42.9	17.5
1936.....	1,384,937	57.1	1,039,040	42.9	2,423,977	408,127	39.3	16.8
1937.....	1,765,248	58.6	1,244,604	41.4	3,009,852	470,509	37.8	15.6
1938.....	1,182,666	60.7	766,928	39.3	1,949,594	301,375	39.3	15.5
1939.....	1,397,280	61.4	878,819	38.6	2,276,099	328,034	37.3	14.4
1940.....	1,648,965	64.9	891,691	35.1	2,540,656	317,711	35.6	12.5
1941.....	2,030,919	63.0	1,191,035	37.0	3,221,954	437,751	36.8	13.6
1942.....	1,767,562	63.8	1,001,693	36.2	2,769,255	320,117	32.1	11.6
1943 <sup>2</sup> .....	2,180,826	64.5	1,200,054	35.5	3,380,880	391,540	32.6	11.6
1944 <sup>2</sup> .....	2,707,103	69.9	1,164,693	30.1	3,871,796	368,234	31.6	9.5

<sup>1</sup> The Emergency Tariff Act became effective on certain agricultural products on May 28, 1921, and continued in effect until Sept. 22, 1922.

<sup>2</sup> Preliminary.

NOTE.—Subsequent to June 21, 1932, certain commodities which had previously been on the free list were made taxable, and since that date have been reported as dutiable commodities. The principal commodities affected were petroleum, copper, lumber, and coal.



Mr. BREWSTER. Mr. President, I invite the attention of the Senate to a very interesting revelation as to what transpired in 1919 and 1920, after World War I, under the Underwood Tariff Act, then effective, when the average ad valorem rates on dutiable imports fell as low as 21.3 percent. The average for the period was 27 percent. The imports in 1919 doubled what they were in 1914 and 1915, and in 1920 they increased to more than \$5,000,000,000.

It is further interesting to note that under the Fordney-McCumber Act, which followed as a result of the impact of the Underwood Act on our trade conditions, the ad valorem rates in spite of the much higher duties which prevailed, averaged 38.5 percent. The present average, under the Smoot-Hawley Act as modified by the Reciprocal Trade Act, is 31.6 percent, which is only four points above the average under the Underwood law during the 10-year period in which it was in effect.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks, a table numbered 2a, showing United States imports for consumption of principal dutiable articles in selected years, 1912 to 1925.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 2a.—United States imports for consumption of principal dutiable articles, in selected years, 1912–25

[In millions and tenths of millions of dollars]				
	1912 <sup>1</sup>	1919	1920	1925
Sugar.....	104.2	382.5	420.7	201.2
Wool and manufactures.....	48.3	18.0	49.5	162.8
Fibers, vegetable and textile grasses and manufactures.....	65.4	26.5	49.9	146.8
Precious stones and imitations.....	31.2	103.4	74.4	73.3
Cotton manufactures.....	63.4	49.4	114.9	71.3
Tobacco and manufactures.....	31.1	51.6	63.8	69.9
Feeds, including oilseeds.....	15.1	51.0	80.5	55.6
Fruits and nuts.....	23.2	49.8	71.2	54.0
Meats and dairy products.....	11.1	7.0	25.6	37.5
Silk manufactures.....	27.1	53.7	61.2	36.6
Iron and steel manufactures.....	18.6	10.3	20.7	33.7
Vegetables.....	17.9	20.0	21.4	28.3
Chemicals, drugs, dyes, and medicines.....	32.7	48.7	60.5	28.2
Oils, animal and vegetable.....	10.6	51.3	46.3	26.9
Fish.....	12.3	4.4	6.0	24.1
Paper and manufactures.....	12.4	6.1	10.1	21.6
Total above imports.....	524.6	933.7	1,676.7	1,071.8
Total dutiable imports for consumption.....	759.2	1,116.2	1,985.9	1,467.4
Percent: Above items to dutiable imports.....	69.1	83.6	84.4	73.0

<sup>1</sup> Fiscal year ending June 30.

NOTE.—Items may not be strictly comparable due to shift from dutiable schedules to free schedules and vice versa in the various tariff acts.

Source: Official statistics of the U. S. Department of Commerce.

Mr. BREWSTER. The present average, under the Hawley-Smoot law, as modified by the Reciprocal Trade Act, is 31.6 percent, which is only 4 points above the average under the Underwood law during the 10-year period in which it was in effect.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a table numbered 2b showing United States imports for consumption of principal dutiable articles in selected years, 1912 to 1925.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 2b.—United States imports for consumption of principal articles, free of duty, in selected years, 1912–25

[In millions and tenths of millions of dollars]				
	1912 <sup>1</sup>	1919	1920	1925
Rubber and similar gums, unmanufactured.....	105.0	221.6	248.9	435.3
Silk, unmanufactured.....	69.5	341.9	301.0	408.4
Coffee.....	117.8	261.2	252.5	286.2
Petroleum and products.....	4.1	32.4	66.7	107.7
Printing paper.....	1.2	43.7	68.6	103.7
Paper base stock.....	5.9	7.2	18.5	103.7
Furs, undressed.....	17.4	69.3	84.4	101.6
Wood and manufactures.....	17.5	105.8	195.3	101.3
Hides and skins, raw (except furs).....	102.4	306.5	243.8	96.7
Tins.....	46.2	71.3	92.2	95.2
Copper and manufactures.....	45.0	88.8	88.8	83.9
Fertilizers.....	10.0	11.9	50.9	76.7
Cotton and manufactures.....	21.9	75.0	147.3	60.8
Fibers, vegetable and textile grasses and manufactures, except cotton.....	30.7	151.4	174.8	65.9
Oils, vegetable and animal.....	17.3	79.3	68.3	61.0
Cane sugar.....	11.2	9.3	46.6	43.0
Wool, unmanufactured.....	-----	212.8	124.4	38.4
Chemicals, drugs, dyes, and medicines.....	58.2	68.2	145.6	20.0
Breadstuffs.....	1.7	36.4	102.3	19.8
Total above free imports.....	653.3	2,194.0	2,520.9	2,309.3
Total free imports for consumption.....	881.5	2,711.5	3,116.0	2,708.8
Percent: Above items total free imports.....	74.1	80.9	80.9	85.3

<sup>1</sup> Fiscal year ending June 30.

NOTE: Items may not be strictly comparable due to shift from dutiable schedules to free schedule and vice versa in the various tariff acts. Imports of products of Philippine Islands and Virgin Islands ordinarily dutiable are included.

Source: Compiled from official statistics of U. S. Department of Commerce.

Mr. BREWSTER. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a table numbered 3, showing United States imports for consumption of selected items during the years 1912, 1920, and 1925.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 3.—United States imports for consumption of selected items, 1912, 1920, 1925

Commodity	Unit of quantity	Quantity	Foreign value	Unit value
ITEMS SUBJECT TO DUTY				
Cane sugar:			1,000 dollars	
1912 <sup>1</sup> .....	1,000 lbs.....	3,710,433	104,106	\$0.028
1920.....	do.....	7,384,624	912,570	.124
1925.....	do.....	7,859,148	201,236	.026
Wool, unmanufactured:				
1912 <sup>1</sup> .....	do.....	193,771	33,141	.171
1920.....	do.....	4,436	2,343	.528
1925.....	do.....	174,968	89,869	.514
Cloth, woollens and worsteds:				
1912 <sup>1</sup> .....	do.....	4,214	4,684	1.112
1920.....	do.....	4,840	12,695	2.623
1925.....	do.....	10,538	21,775	2.066
Jute burlaps:				
1912 <sup>1</sup> .....	do.....	403,158	25,846	.064
1920.....	do.....	571,036	89,288	.156
1925.....	do.....	621,311	84,500	.136
Diamonds, cut but not set:				
1912 <sup>1</sup> .....	Carats.....	(?)	24,512	
1920.....	do.....	302,920	45,240	149.35
1925.....	do.....	514,771	49,724	96.59
Cotton cloth:				
1912 <sup>1</sup> .....	1,000 sq. yds.....	26,042	7,639	.293
1920.....	do.....	123,904	44,803	.362
1925.....	do.....	110,080	26,746	.243
Filler tobacco:				
1912 <sup>1</sup> .....	1,000 lbs.....	37,125	20,718	.558
1920.....	do.....	48,567	46,627	.960
1925.....	do.....	56,022	50,290	.898
Wrapper tobacco:				
1912 <sup>1</sup> .....	do.....	5,466	6,120	1.12
1920.....	do.....	6,964	11,138	1.60
1925.....	do.....	6,007	14,583	2.43
Flaxseed:				
1912 <sup>1</sup> .....	1,000 bu.....	6,859	13,016	1.90
1920.....	do.....	24,617	74,520	3.03
1925.....	do.....	16,510	39,683	2.40
Cheese:				
1912 <sup>1</sup> .....	1,000 lbs.....	46,017	8,684	.189
1920.....	do.....	14,592	5,238	.359
1925.....	do.....	62,632	17,562	.280
Fabrics, wholly or chiefly silk:				
1912 <sup>1</sup> .....	do.....	2,072	9,217	4.45
1920.....	do.....	2,871	27,714	9.65
1925.....	do.....	3,416	18,003	5.27
Oliveoil, edible:				
1912 <sup>1</sup> .....	1,000 gal.....	4,761	6,066	1.27
1920.....	do.....	4,071	11,566	2.84
1925.....	do.....	11,691	15,115	1.29
Woolrags, noils, waste, etc.:				
1912 <sup>1</sup> .....	1,000 lbs.....	362	168	.464
1920.....	do.....	6,973	4,247	.609
1925.....	do.....	34,490	16,462	.477
ITEMS FREE OF DUTY				
Rubber, unmanufactured:				
1912 <sup>1</sup> .....	Co.....	202,218	105,035	.519
1920.....	do.....	603,128	248,900	.413
1925.....	do.....	942,274	435,338	.462
Raw silk in skeins, etc.:				
1912 <sup>1</sup> .....	do.....	21,610	67,173	3.11
1920.....	do.....	30,080	285,007	9.48
1925.....	do.....	63,216	394,579	6.24
Coffee, raw or green:				
1912 <sup>1</sup> .....	do.....	878,229	117,823	.134
1920.....	do.....	1,297,439	252,451	.195
1925.....	do.....	1,283,695	286,235	.223
Newsprint paper:				
1912 <sup>1</sup> .....	do.....	111,251	2,121	.019
1920.....	do.....	1,459,687	68,569	.047
1925.....	do.....	2,896,860	103,717	.036
Furs and fur skins, undressed:				
1912 <sup>1</sup> .....	Thousands.....	(?)	17,405	
1920.....	do.....	130,371	84,390	.647
1925.....	do.....	100,474	101,592	.633
Hides and skins, except furs:				
1912 <sup>1</sup> .....	1,000 lbs.....	546,663	102,372	.187
1920.....	do.....	510,157	243,760	.478
1925.....	do.....	362,214	96,737	.267

<sup>1</sup> Fiscal year ending June 30.

<sup>2</sup> Not imported.

TABLE 3.—United States imports for consumption of selected items, 1912, 1920, 1925—Continued

Commodity	Unit of quantity	Quantity	Foreign value	Unit value
<b>ITEMS FREE OF DUTY—con.</b>				
Tin bars, blocks, pigs, grain and granulated:			1,000 dollars	
1912.....	1,000 tons..	111,420	46,192	\$0.415
1920.....	do.....	125,590	73,441	.585
1925.....	do.....	171,686	95,121	.554
Wood pulp:				
1912.....	do.....	1,084	14,214	13.11
1920.....	do.....	809	89,468	110.59
1925.....	do.....	1,492	81,864	54.87
Crude petroleum:				
1912 <sup>1</sup> .....	1,000 gals.....	146,788	2,550	.017
1920.....	do.....	4,459,354	55,798	.013
1925.....	do.....	2,596,618	75,407	.029
Copper in pigs, ingots, plates, and bars:				
1912 <sup>1</sup> .....	1,000 lbs.....	279,504	35,297	.126
1920.....	do.....	353,440	65,945	.187
1925.....	do.....	479,091	62,700	.131
Cotton, unmanufactured:				
1912 <sup>1</sup> .....	do.....	143,335	21,868	.153
1920.....	do.....	299,994	138,744	.462
1925.....	do.....	193,072	56,502	.293
Boards, planks, deals, etc., not further advanced than sawed, planed, tongued and grooved (except cabinet woods):				
1912 <sup>1</sup> .....	M ft.....	900,780	15,577	17.29
1920.....	do.....	1,338,078	56,517	42.24
1925.....	do.....	1,815,984	55,055	30.32
Sodium nitrate:				
1912 <sup>1</sup> .....	1,000 tons.....	482	15,428	32.01
1920.....	do.....	1,322	63,121	47.75
1925.....	do.....	1,112	52,531	47.24
Cane sugar:				
1912 <sup>1</sup> .....	1,000 lbs.....	438,620	11,242	.026
1920.....	do.....	318,157	46,636	.147
1925.....	do.....	1,006,641	43,012	.043
Wool, unmanufactured:				
1912 <sup>1</sup> .....	do.....	do.....	do.....	do.....
1920.....	1,000 lbs.....	254,905	124,400	.488
1925.....	do.....	132,733	38,439	.290

<sup>1</sup> Fiscal year ending June 30.

NOTE.—Items may not be strictly comparable due to shift from dutiable schedules to free schedule and vice versa in the various tariff acts. Imports of products of Philippine Islands and Virgin Islands ordinarily dutiable are included with free items.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Mr. BREWSTER. Mr. President, in this connection, I invite attention to the provisions in the Agricultural Adjustment Act of 1933, with the addition which was made in 1935 of section 22, authorizing the President to impose quantitative limits on imports of products when found necessary after investigation by the Tariff Commission. Under the act an investigation was made concerning the cotton program. It was found necessary to impose quotas, and the quotas on short-staple cotton were based on the average annual imports during the previous years, or the legal minima, whichever was lower. The quotas on long-staple cotton were based on the average imports of the two highest years of the previous decade.

During the war certain exceptions were made in order to procure needed supplies, and the quota on the basis of countries was suspended in favor of a total global quota. But the import quotas have necessarily remained on cotton because of our high domestic prices compared with prices in other cotton-producing countries.

Mr. President, I invite attention to that fact because of the difference existing between tariffs and quotas, and the fact that cotton is protected in this country by the absolute quota system.

Another thing which concerned me—I do not know whether the Senator from Colorado has given attention to it—was the absence of certain very conspicuous authorities regarding foreign trade as witnesses at the hearings concerned with the proposed loan. I refer particularly to Bernard Baruch, Jesse Jones, Leo Crowley, and Herbert Hoover. They are four men whom I believe would be recognized as competent witnesses in this connection. It has been generally reported that at least three of those men were invited to appear before the Senate Banking and Currency Committee in connection with the pending matter. At least, that was my understanding. I hold in my hand a telegram from Bernard Baruch in response to my request, in which he states as follows:

Answering your inquiry as to whether I would be willing to appear as a witness on the British loan; if I had been requested before I undertook the representation of America on the Atomic Energy Committee, I would, of course, have responded. I doubt whether I would now have the time to give a well-rounded expression of opinion that would be of any help in the situation. I had hoped to talk with you about it before I became involved in my present task.

In his Texas publication Jesse Jones has expressed his views. Mr. Crowley, who has expressed briefly his views, has not been heard publicly, for reasons which may be good and sufficient, and Mr. Herbert Hoover is in the same status. I speak of this fact, Mr. President, because of my regret that, in a matter of the present importance, the full resources of those Americans, so far as their experience, competence, and counsel in matters of this kind are concerned, were not availed of.

It has been a matter of profound regret on my part that in the development of the British loan arrangement the same course was not pursued which was pursued in the development of the United Nations Organization. If it had been so followed, and consultations had been had with Members of the Senate in connection with hearings held by competent committees of the Senate, in my judgment the situation might well have been very different from what it is at the present time. I think the matter may well be borne in mind in any future consideration of questions of such extreme importance and consequence as is the pending one, in order that the position of the Congress, in connection with the formation of foreign policy, may be given more consideration than was manifested in the case of the pending British loan.

Mr. JOHNSON of Colorado. I thank the Senator from Maine.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. FULBRIGHT. I have understood that all four of the gentlemen who were named by the Senator from Maine were invited to appear.

Mr. BREWSTER. Mr. President, will the Senator present to the Senate copies

of letters of invitation sent to the men to whom I have referred?

Mr. FULBRIGHT. I did not write them. I was not the chairman of the committee. The Senator from Kentucky [Mr. BARKLEY] was the acting chairman of the committee, and I understand that invitations were issued.

Mr. TAFT. Mr. President—

The ACTING PRESIDENT pro tempore. Does the Senator from Colorado yield to the Senator from Ohio?

Mr. JOHNSON of Colorado. I yield.

Mr. TAFT. I requested the Senator from Kentucky to call these four gentlemen, that is to say, to request them to testify. The Senator from Kentucky did not request them to testify. He wrote them letters asking them if they would like to testify or not, and none of them felt they were called upon to testify unless the committee requested them to do so.

Mr. BREWSTER. To volunteer their evidence?

Mr. TAFT. Yes; on a volunteer basis. I think all of them felt that they did not care to testify in a matter which, after all, involves a question of opinion, and not fact, unless they were formally requested by the committee to do so. That was never done.

Mr. FULBRIGHT. I do not think any of the witnesses were subpoenaed to testify before the committee. Of course, representatives of the Government always come and testify. I think others came voluntarily, and were not forced to come.

Mr. TAFT. None of these gentlemen asked to be subpoenaed, but they did not care to testify unless they were formally requested by the committee to do so. I asked that the committee request them to testify, and I thought they had been requested to testify, but I found subsequently that no such invitation was issued. They were merely asked whether or not they wished to volunteer their testimony.

Mr. JOHNSON of Colorado. Of course, they were private citizens, and we can understand their position in the matter. They were willing to testify, I understand, but they were not going to chisel in on a hearing at which they might or might not be welcomed.

Mr. BREWSTER. Mr. President, will the Senator from Colorado yield?

Mr. JOHNSON of Colorado. I yield.

Mr. BREWSTER. It has been a matter of considerable comment and of certain investigation on my part, because of my being puzzled as to what went on. That is why I asked Mr. Baruch particularly as to the situation. Certainly, he makes it entirely clear. He says, "If I had been requested," which I think indicates rather clearly that he was not requested to appear.

Mr. FULBRIGHT. If he had been requested in time, I do not know what the time was. I repeat, I was not the one to invite them. I am unable to see the fine distinction the Senator from Ohio draws. I think the matter should be brought up when the Senator from Kentucky is present. I only heard rumors as to what occurred, and I cannot say specifically what was done, though I do



not quite appreciate the distinction that is drawn between a letter which says, "You may testify" or "Will you volunteer to testify," and a request to testify. We did have some opposition witnesses. I doubt whether former Representative Hamilton Fish was specifically requested, but he was certainly welcomed and everyone listened to him. So did Mr. Trevor appear, and General Coxe came and took up a whole morning, and everyone listened to his testimony.

Mr. BREWSTER. I am sure that the Senator from Arkansas will recognize that, so far as banking and foreign trade is concerned, there is quite a gulf separating the gentlemen he has named and the gentlemen we have named. While there is no question about the right and the propriety of any citizen to come forward, I think that men such as Mr. Baruch, Mr. Jones, Mr. Crowley, and Mr. Hoover might well not think they should come forward and volunteer their views in a matter of this character unless they were requested. I think it is most unfortunate that the Committee on Banking and Currency of the Senate should have left any doubt. I trust that the Senator from Arkansas will take steps to find out the exact course which was taken, and, if it seems proper, that we have a copy of whatever invitation was issued, so that there may be no doubt regarding exactly what transpired.

Mr. JOHNSON of Colorado. I thank the Senator from Maine. Of course, the men whom he has named are not in the same category with "One-Eyed" Connolly, who crashed every gate he wanted to crash. These men are not in that kind of activity. They are entitled to a request to testify, as the country needs their testimony, and the country would be tremendously interested in what they have to say. It would have added to the understanding of the Senate and the country had they testified. I think it is most unfortunate that they did not do so.

#### HEARINGS BEFORE COMMITTEE ON INTERSTATE COMMERCE—LIMIT OF EXPENDITURES

During the speech of Mr. JOHNSON of Colorado,

Mr. LUCAS. Mr. President, will the Senator from Colorado yield to me so that I may report several resolutions?

Mr. JOHNSON of Colorado. I yield.

Mr. LUCAS. I ask unanimous consent that the unfinished business be temporarily laid aside in order that I may report several resolutions from the Committee To Audit and Control the Contingent Expenses of the Senate.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Illinois? The Chair hears none.

Mr. LUCAS. From the Committee To Audit and Control the Contingent Expenses of the Senate, I report favorably, without amendment, Senate Resolution 254, and ask unanimous consent for its present consideration.

The ACTING PRESIDENT pro tempore. The resolution will be read for the information of the Senate.

The resolution was read, as follows:

*Resolved*, That the limit of expenditures authorized by Senate Resolution 9, agreed to January 6, 1945, authorizing the Committee on Interstate Commerce to hold hearings during the Seventy-ninth Congress, is hereby increased by \$5,000.

The ACTING PRESIDENT pro tempore. Is there objection to the immediate consideration of the resolution?

Mr. HICKENLOOPER. Mr. President, has the Senator from Illinois consulted the minority leader with regard to this resolution?

Mr. LUCAS. I consulted the Senator from Maine [Mr. WHITE] before he left the Chamber. I told him that I wished to report two or three resolutions involving funds for standing committees. It is agreeable to him. These are all resolutions which have been favorably reported by standing committees. They ask for additional money. For example, the Committee on Banking and Currency needs more money.

Mr. HICKENLOOPER. The Senator from Maine has now entered the Chamber. He had left the Chamber and had asked me to take his seat. I am not familiar with the resolution.

Mr. LUCAS. I am glad that the Senator from Maine has returned to the Chamber, because I am about to get into trouble.

Mr. BREWSTER. Mr. President, may I ask what is being considered?

The ACTING PRESIDENT pro tempore. The Senator from Illinois has asked unanimous consent for the immediate consideration of Senate Resolution 254.

Mr. WHITE. Mr. President, as perhaps the Senator has observed, I have been absent from the Chamber for a moment. I have just returned. Will the Senator repeat his request?

Mr. LUCAS. I made a request for the immediate consideration of Senate Resolution 254, providing an additional sum of money for the Committee on Interstate Commerce. The committee needs more money. If the Senate does not wish to grant it, it is all right with me. I do not care whether it gets any more money or not.

Mr. WHITE. It would be very difficult for me to object to the request, because I am a member of that committee.

Mr. LUCAS. I knew that the Senator was a member of the committee, and I know how busy he is on that committee. It is my understanding that the committee needs more money. All that the Committee To Audit and Control the Contingent Expenses of the Senate is trying to do is to accommodate the committee.

Mr. WHITE. The Senator does not give me a clear understanding as to what the money is needed for, but I have great confidence in the committee and in its chairman, and I have no disposition to object.

Mr. LUCAS. I was hoping that some member of the committee might give me a little more information as to why the money was needed. I did not make any objection to it; but it having been reported from the committee of which the able minority leader is a member, I was

sure that he could give me and other Senators information as to why the money is needed.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the resolution (S. Res. 254) submitted by Mr. WHEELER on April 9, 1946, was considered and agreed to.

#### HEARINGS BEFORE COMMITTEE ON AGRICULTURE AND FORESTRY—LIMIT OF EXPENDITURES

Mr. LUCAS. Mr. President, from the Committee To Audit and Control the Contingent Expenses of the Senate, I report favorably, without amendment, Senate Resolution 250 and ask unanimous consent for its present consideration. The resolution was originally reported from the Committee on Agriculture and Forestry by the Senator from Oklahoma [Mr. THOMAS]. That committee has been investigating matters relating to food production and consumption.

The able Senator from Vermont [Mr. AIKEN] is present. He is a member of the subcommittee. If there is any question about this resolution, I call upon him to help me. I ask unanimous consent for the present consideration of the resolution.

Mr. WHITE. Mr. President, how much money is requested?

Mr. LUCAS. \$5,000.

Mr. WHITE. Is there any indication as to what line of investigation is to be pursued?

Mr. LUCAS. The subcommittee is a regular subcommittee of the Committee on Agriculture and Forestry.

Mr. AIKEN. Mr. President, I think I can explain the situation. The original appropriation, made more than a year ago, was for \$5,000, and permitted the subcommittee to investigate certain situations respecting agriculture without the necessity of having a bill before the committee. I understand that the first \$5,000 was practically exhausted some time ago. I know that the subcommittee has since held quite a few hearings on the meat situation and the grain situation, and I suspect that perhaps some of the \$5,000 now asked for has been obligated.

Mr. WHITE. Mr. President, I have no objection.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. ELLENDER. Can the Senator tell us how many times the committee has come to the Senate for money during this session of Congress?

Mr. LUCAS. The Committee on Agriculture and Forestry?

Mr. ELLENDER. Yes.

Mr. LUCAS. I cannot tell, but I know that the meat situation has been pretty well investigated.

Mr. ELLENDER. I know that. As I recall, this is the fourth time.

Mr. LUCAS. Does the Senator wish to have the resolution go to the calendar?

Mr. ELLENDER. No; I am not objecting. I merely wished to know how

much money was being spent to investigate OPA, taking that function away from some other committee.

Mr. AIKEN. Mr. President, I believe that this is the second request for \$5,000.

Mr. LUCAS. I think probably that is true. I am not sure.

Mr. ELLENDER. Aside from the original request?

Mr. AIKEN. Aside from the original request.

Mr. JOHNSTON of South Carolina. Mr. President, is this an investigation of something for agricultural purposes? Does it have to do with the investigation of the meat situation?

Mr. LUCAS. I yield to the Senator from Vermont [Mr. AIKEN] to explain.

Mr. JOHNSTON of South Carolina. Is this an investigation of the meat situation?

The ACTING PRESIDENT pro tempore. The resolution will be read for the information of the Senate.

The resolution (S. Res. 250) was read, as follows:

*Resolved*, That the limit of expenditures of the Committee on Agriculture and Forestry under Senate Resolution 92, Seventy-ninth Congress, agreed to March 19, 1945 (concerning the investigation of matters relating to food production and consumption), is hereby increased by \$5,000.

Mr. JOHNSTON of South Carolina. I have no objection, if the amount is only \$5,000. We have been talking about billions of dollars.

Mr. FULBRIGHT. Mr. President, I should like a little information. Suppose we do not appropriate the \$5,000. What will happen?

Mr. LUCAS. The committee will be stalled on dead center.

Mr. FULBRIGHT. Will the members have to pay it?

Mr. LUCAS. The members will not have to pay it.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the resolution (S. Res. 250) submitted by Mr. THOMAS of Oklahoma on April 5, 1946, was considered and agreed to.

#### HEARINGS BEFORE COMMITTEE ON FOREIGN RELATIONS

Mr. LUCAS. From the Committee To Audit and Control the Contingent Expenses of the Senate I report favorably, without amendment, Senate Resolution 265 and ask unanimous consent for its present consideration.

The ACTING PRESIDENT pro tempore. The resolution will be read for the information of the Senate.

The resolution (S. Res. 265), submitted by Mr. HATCH for Mr. CONNALLY on April 26, 1946, was read, as follows:

*Resolved*, That the Committee on Foreign Relations, authorized by Senate Resolution 9, agreed to January 6, 1945, to send for persons, books, and papers; to administer oaths; and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject referred to said committee, hereby is authorized to expend from the contingent fund of the Senate, for the same purposes, during the Seventy-ninth Congress, \$5,000, in addition to the amount of \$10,000 heretofore authorized.

Mr. LUCAS. Mr. President, the resolution was submitted by the able Senator from New Mexico [Mr. HATCH], who now occupies the chair. It was submitted in behalf of the Senator from Texas [Mr. CONNALLY], chairman of the Committee on Foreign Relations. All the committee wants is an additional \$5,000. It has run out of money.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

#### SPECIAL ASSISTANT TO COMMITTEE ON BANKING AND CURRENCY

Mr. LUCAS. Mr. President, from the Committee To Audit and Control the Contingent Expenses of the Senate, I report favorably, with an amendment, Senate Resolution 264, and ask unanimous consent for its present consideration.

The ACTING PRESIDENT pro tempore. The resolution will be read for the information of the Senate.

The resolution, submitted by Mr. WAGNER on April 24, 1946, was read, as follows:

*Resolved*, That the Committee on Banking and Currency hereby is authorized to employ a special assistant to be paid from the contingent fund of the Senate at the rate of \$6,000 per annum from April 1 to October 31, 1946.

Mr. LUCAS. In the Committee on Banking and Currency there is an expert who has been handling all the OPA problems. I know that he is an expert if he can do that. As I understand, the man who formerly held that position has returned from the military service. All the committee wants is enough money to pay this expert from April 1 to July 1, at which time a request for an appropriation will be made of the Appropriations Committee, so as to put him on the pay roll permanently. In view of the unusual circumstances, I believe that this should be done. I have talked with the minority leader about this case, and he agrees that the request should be granted.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. ELLENDER. How has the man been paid prior to this time?

Mr. LUCAS. Prior to this time he has been on the regular pay roll of the Committee on Banking and Currency; but under the law which Congress enacted the man who returned from the military service immediately took his old job, so the other man was left out temporarily.

Mr. ELLENDER. He was not barred from any department, was he?

Mr. LUCAS. No; he was not barred from any department. He has been on the regular pay roll of the committee.

Mr. HICKENLOOPER. Mr. President, I should like to ask the Senator from Illinois to hold this resolution up for another day, if he will. I do not know that I have any objection to it, but I have the impression that this would add another clerk to the Committee on Banking and Currency.

Mr. LUCAS. It would add another clerk between now and July 1; but the clerk who holds on is not now being paid.

In other words, the man who has done all the work for the Committee on Banking and Currency in the OPA hearings is going along without any money at this moment. The veteran who has returned from the service, and who formerly held that position, took over the job. I think it is a very small matter not to give this man the consideration which he deserves.

Mr. HICKENLOOPER. As I have stated, I may have no objection. If the man has gone along for some time without receiving compensation, perhaps another day will not matter. I should like to look into the case.

Mr. LUCAS. I shall not bring it up again. I told the Senator from New York [Mr. WAGNER] that if I could not have the resolution approved he would have to look after it himself. If the Senator wishes to object on a little matter of this kind, I withdraw the resolution.

Mr. HICKENLOOPER. Mr. President, I object to consideration of the resolution at this time. I may have no objection whatsoever to it but I should like to have a little more knowledge than I now have.

The ACTING PRESIDENT pro tempore. Objection is heard, and the resolution will be placed on the calendar.

Mr. LUCAS. Mr. President, I do not want it placed on the calendar. I ask to withdraw it.

The ACTING PRESIDENT pro tempore. Without objection, the report of the resolution is withdrawn.

Mr. HICKENLOOPER subsequently said: Since I made an objection a moment ago to the unanimous consent request of the Senator from Illinois [Mr. LUCAS] to report a resolution, I have made some inquiries. I see that the Senator from Illinois is not now present in the Chamber. Under the assurance of the chairman of the Banking and Currency Committee that the resolution would not have the effect of creating a permanent addition to the staff of the Committee on Banking and Currency, and as a result of the explanation given to me as to what the resolution would accomplish, I am perfectly willing to withdraw my objection. I understand, however, that the Senator from Illinois withdrew his request.

Mr. WAGNER. Mr. President, the Senator from Illinois authorizes me to report the resolution in his behalf.

Mr. HICKENLOOPER. I have no objection.

Mr. WAGNER. Mr. President, from the Committee To Audit and Control the Contingent Expenses of the Senate, I report favorably, with an amendment, Senate Resolution 264, and ask unanimous consent for its present consideration.

The ACTING PRESIDENT pro tempore. The resolution will be read by title for the information of the Senate.

The CHIEF CLERK. A resolution (S. Res. 264) authorizing the Committee on Banking and Currency to employ a special assistant to be paid from the contingent fund of the Senate at the rate of \$6,000 per annum from April 1 to July 1, 1946.



The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution (S. Res. 264) submitted by Mr. WAGNER on April 24, 1946, which had been reported from the Committee To Audit and Control of the Contingent Expenses of the Senate with an amendment on page 1, line 4, after the word "to", to strike out "October 31" and insert "July 1", so as to make the resolution read:

*Resolved*, That the Committee on Banking and Currency hereby is authorized to employ a special assistant to be paid from contingent fund of the Senate at the rate of \$6,000 per annum from April 1 to July 1, 1946.

The amendment was agreed to.  
The resolution as amended was agreed to.

#### THE COAL SITUATION

During the speech of Mr. JOHNSON of Colorado,

Mr. WILEY. Mr. President, will the Senator from Colorado yield to me?

Mr. JOHNSON of Colorado. I yield.

Mr. WILEY. Last Friday I brought to the attention of this body the coal situation. I was pleased to see that on Saturday the two distinguished Senators from Illinois jumped into the arena and showed very clearly how critical the situation was becoming. Today I received a letter from the executive secretary of the Wisconsin Cannery Association, who writes as follows:

WISCONSIN CANNERS ASSOCIATION,  
Madison, Wis., May 3, 1946.

HON. ALEXANDER WILEY,  
Member of Congress,  
Senate Office Building,  
Washington, D. C.

DEAR SENATOR WILEY: At a special meeting of Wisconsin cannerymen held in Milwaukee on Wednesday of this week, the executive secretary of the Wisconsin Cannery Association was directed to convey to Wisconsin Senators and Representatives the serious concern of the cannerymen of the State that perishable food crops may be lost this summer because of lack of coal. The pea-canning season is only about 45 days hence and continuance of the coal strike will mean that Wisconsin cannerymen will not be able to operate.

If negotiation is not successful in settling the strike soon, Government operation of the mines appears to be the only recourse. Advocacy of this step, we realize, represents a dangerous tendency of increasing reliance on Government but when such loss of food in a starving world is threatened, we see no alternative and we believe aroused public opinion will force such action.

We are reporting the situation to you as it affects the Wisconsin canning industry, merely for your information. We realize, of course, that were it in your power to end the coal strike, it would have ended before this.

Very truly yours,

MARVIN P. VERHULST,  
Executive Secretary.

Mr. President, some of us who in school studied the United States Constitution remember that the preamble provides that—

We, the people of the United States, in order to form a more perfect Union, establish justice, insure domestic tranquillity—

I emphasize these words—

provide for the common defense, promote the general welfare.

I particularly emphasize the last words, in view of the present critical world situation.

We who believe that our Constitution has vitality in its every word, including the preamble, feel that it is time that the Congress of the United States took definite action.

The strike situation, of which the coal strike is the part which brought the whole matter to a head, is very serious. Why we have not met it before I do not know. A few moments ago the Senator from Colorado used a phrase which I think is most pertinent. He said, "The chickens have come home to roost." Yes, Mr. President, they have. They have come home to roost, and now we are faced with a situation involving much more than was mentioned earlier today by the Senator from Illinois. He said that because of the present strike situation industrial plants will be closed, public utilities will shut down, and schools will be closed this fall. But, Mr. President, in addition to all that, as bad as it is, we are faced with the fact that food will not be produced. Wisconsin produces more than 50 percent of the peas canned in the United States, and a considerable amount of the corn.

So, Mr. President, what do my colleagues think should be done? Has anyone come forth with a definite proposal? The answer is "Yes."

Away back on October 4, 1945, speaking in the Senate of the United States, I said that the following steps should be taken at once:

First. Reevaluate the entire Wagner Act. That act obviously filled a certain need in bygone years, but it is hopelessly obsolete and even harmful today to the best interests of the American people, including labor. It is a segmental act, designed for only one segment of our population. It must be revised in the interest of the public welfare. We have legislated segmentally. We have made legislation for this segment and that segment, but one great over-all segment has not been regarded, and that is the public. And now if we have any vision we are going to see to it that the public is not disregarded.

Second. Immediately enact legislation to have compulsory arbitration protect the public interest.

Third. Establish the policy of having representatives of the public participate in every labor-management conference.

Fourth. Enact any necessary clarifications of the draft law to insure full protection of the reemployment rights of veterans.

Fifth. Insure full protection by law-enforcement officers to all veterans and others who want to take up jobs vacated by strikers.

Sixth. Establish the legal responsibility of unions for all violations of contract in the form of wildcat strikes, and so forth.

Seventh. Require the full and accurate reporting of union finances and officers in the same manner as we require such reports from corporations.

Eighth. Establish the labor-management-public conferences in Washington on a continuing basis rather than on a one-time basis.

Ninth. Request of labor leaders that they themselves come forth with suggestions for legislation that will end the menace of strikes.

Mr. President, I say now, as I said before we went into this war, that if I were in the councils of labor I would say to labor, "This is your opportunity. Come forth with suggestions for constructive legislation in your

field which will protect the public interest." I repeat that idea. This country does not belong to any one group. It does not belong to the Democrats or the Republicans, to management or labor, or to the farmer. It belongs to all of us, and in this great world crisis if we are going to meet this situation head-on, it must be by a unity of spirit within us which will bring about constructive action.

Tenth. Amend the Sherman Antitrust Act to make labor organizations whose members are engaged in Interstate Commerce subject to that act. Prohibit them from engaging in unreasonable restraints of trade, for example, those restraints designed to compel the hiring of useless labor, to prevent the use of cheaper material, improved equipment, or more efficient methods.

Mr. President, in my humble opinion, it is time for this great body to speak. It is time for us to sense that the voice of the people speaks through us. It is time for us to act, not with rancor, not with love of one and hate of the other, but with the hope in our breasts that we can go forward to solve this problem. It is only by measures such as these that we can protect the paramount rights of the public.

I also said at that time:

Mr. President, the strike situation in this country, as we all know, is very serious. What do my colleagues think would be the reaction of the American people, including the striking unions of our country, if they were to read in the newspapers that the President, his Cabinet, the Supreme Court, and the Members of Congress had gone out on strike, and had thrown picket lines around Government buildings in order to prevent Federal employees from working? No doubt the reaction of all Americans, including the unions, would probably be, "In this critical period, this is close to rebellion." They would be correct, because a strike against the Government is only one step removed from rebellion against it. President Coolidge said that on one occasion.

A strike against the people which deprives them of such essential services as food, fuel, transportation, communication, and other crucial goods and services is well nigh an act of treason.

Mr. President, the situation is pretty serious in this country. I say it can no more be tolerated in a government of law and order than can any crime against law-abiding citizens. But at the present moment, in this critical period, every strike, no matter what the field in which it is occurring, is an act of sabotage against American reconversion. We might well dwell upon that.

America is now suffering from the New Deal's false education of the past decade, which taught labor that it could do no wrong. The air is black with New Deal chickens coming home to roost, chickens of a false philosophy, of fundamentally wrong thinking. But the American public, not the New Deal, is the real sufferer now, and because of that, it is going to remember this strike disease in the years ahead, in 1946 and 1948, and it is going to act to eradicate it forever from the American scene.

Mr. President, the crisis is with us; we are nearer to the brink than we think, and the crisis must be met now. A mere watch-and-see attitude is unthinkable.

Mr. President, we can see how the ramifications extend. The situation calls for something to be done by government. It calls for us in this legislative body to have a little more iron in us. We, as individuals, are our brothers' keepers, and we in Congress have the same obligation generally.

In the course of my speech on October 4, 1945, I also said:

Labor has an atomic bomb in its hands. It is playing with it recklessly and wildly. That atomic bomb must be controlled by the Government before it blows up labor and America. End strikes or strikes will end America.

But, Mr. President, we did not do anything. So now "the chickens have come home to roost." Would it not be a strange thing if, a few years from now, someone writing about the present period would say that the Congress was asleep and that it took a John Lewis to awaken it to its responsibility and to point out the dangers inherent not only in labor but in capital and in every other segment of humanity when power gravitates to it to such an extent that it becomes autocratic. Mr. President, history shows that, even in religion, four or five centuries ago the Protestants and the Catholics of Europe burned each other at the stake. It took the American concept, as stated in our Constitution and Bill of Rights—by which a system of checks and balances was created in our Government machinery—to insure the equitable working of a government for 150 years. But at the time when our Government was established the founding fathers had no conception of what our experience was to be, namely, the gravitation of power into the hands of capital. Not so many years ago a man of great wealth said, "The public be damned." Thereafter our Congress enacted laws which operated as checks and balances on capital.

In recent years the Congress has enacted certain legislation which was thought adequate: the Wagner Act. From it has grown the great power of certain groups in this country which now menace not simply the safety of the Government but the health of our people. So the real question is, What are we going to do?

Mr. President, to give an example of how the law operates, let me point out that last winter the Ohio courts upheld the right of the president of the Brotherhood of Railway Trainmen to oust a member of that union because the member actively supported Wendell Willkie in the 1940 campaign. The union member had been an employee of the Baltimore & Ohio Co. for 34 years and a member of the Brotherhood of Railway Trainmen for 27 years. He did not lose his job with the railroad company because the union did not have a closed-shop arrangement with the railroad. But suppose the union had had a closed-shop contract with the railroad. Then what would have happened? But here we sit, and do nothing about it.

Mr. President, today there came to my desk an editorial from the Milwaukee Journal, published on May 3. I wish to read a portion of it:

#### WILL MINERS PARALYZE THE NATION?

It takes little crystal-ball gazing to hazard a guess that most of the country is just as alarmed over the coal strike as Mr. Truman says he is. John L. Lewis, of course, is commonly picked for blame, as though he, personally, were the cause of the crisis.

His leadership is strong, but the unfortunate fact is that the soft-coal miners are almost unanimously behind Mr. Lewis. Whether right or wrong, in defiance of Government or not, he has led successful strikes right through the war, which have won ever higher wages for the miners. As long as he continues to gain victories for the miners, they will follow him—no matter what happens to the rest of the country, in war or reconversion or normal times.

The coal strike today is beginning to paralyze the Nation. Our railways are taking emergency measures to reduce fuel consumption. Great cities are slowing down their power production. Chicago is already a dramatic example. Steel production is falling. All along the line industry will be slowed down; once more reconversion will be knocked out of gear.

I continue to read from the editorial, and I call especial attention to this part of it because it is indicative of a condition of mind which one can scarcely appreciate. Listen:

One would expect resentment from thousands of workers thrown out of jobs because of the coal strike. But this is not the case. Labor seems to take the coal strike, as it took many of the great strikes that preceded it, almost in a holiday mood. In part, this may be due to the feeling that the strikes have brought widespread gains, though the facts—when everything is considered—do not fully support this view. The still partly concealed losses due to the strikes are incalculable. Savings have vanished. Some corporate losses have been caused. Taxable income has generally been reduced in struck industries, and this will affect all of us.

Yet, since most workers who were thrown out of employment due to strikes in which they are not directly concerned are paid unemployment insurance, there is little labor opposition to basic stoppages such as the miners' strike, despite its paralyzing effect on the country.

John Lewis is not even bargaining with the mine owners. Wages and hours have not even been discussed. Mr. Lewis has issued a ukase and until the owners accept it, he will not even discuss basic pay issues. He insists that his union be granted the power to levy a private tax on coal production—the tax to be collected by and administered by the union, as it sees fit, for the benefit of miners. This is an untenable position. If coal is to be taxed for the miners' benefit, only Government can be permitted to impose such taxation.

The editorial concludes as follows:

The Nation cannot allow itself to be exploited by the dictatorial Mr. Lewis.

Mr. President, we must act. We must do whatever it is necessary to do to meet this situation head on.

Today there also came to my desk a poem by a distinguished lawyer, James P. McGovern, of Milwaukee. It is really his poem which has caused me to speak extemporaneously on this subject. I read it at this time:

#### LAW AND PEACE

(By James P. McGovern)

What is the brotherhood of him who knows no brother?

What is the faith of him whose creed respects no other?

What is the kin of him who wrongs dust, all men's mother?

What is the peace of him who sets it for another?

Solon made laws for Greece, Aurelius for Rome;

Moses wrote rules for Hebrews, Christ taught all Christendom;

Hammurabi's code graced a Babylonian dome; All Europe has justice stored in many an ancient tome.

The law is always dead in parchment, marble, stone,

Unless each generation relives it as its own; "A scrap of paper," adorned with names, tempts power on its throne

As fuel for worldwide flames by all the four winds blown.

When the spirit transcends the law, men see beyond the letter,

When justice frames the law, revenge has no abettor,

When mercy guides the law, virtue holds vice its debtor,

When hearts enshrine the law, peace stands free from fetter.

#### EXECUTIVE MESSAGE REFERRED

As in executive session,

The ACTING PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting the nomination of Edward Dana Durand, of Minnesota, to be a member of the United States Tariff Commission which was referred to the Committee on Finance.

#### EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. McCARRAN, from the Committee on the Judiciary:

Douglas W. McGregor, of Texas, to be an Assistant Attorney General, vice Samuel O. Clark, Jr.;

Raymond E. Plummer, of Alaska, to be United States attorney for division No. 3, district of Alaska, vice Noel K. Wennblom, term expired;

Respass S. Wilson, of Arkansas, to be United States attorney for the western district of Arkansas, vice Clinton R. Barry, term expired.

John D. Clifford, Jr., of Maine, to be United States attorney for the district of Maine;

Benjamin B. Mozee, of Alaska, to be United States marshal, division No. 2, district of Alaska; and

Noble V. Miller, of Arkansas, to be United States marshal for the eastern district of Arkansas, vice Virgil Pettie, deceased.

By Mr. WALSH, from the Committee on Finance:

Sundry candidates for promotion in the Regular Corps of the United States Public Health Service.

#### RECESS

Mr. ELLENDER. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 19 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, May 7, 1946, at 12 o'clock meridian.

#### NOMINATION

Executive nomination received by the Senate May 6 (legislative day of March 5), 1946:

#### UNITED STATES TARIFF COMMISSION

Edward Dana Durand, of Minnesota, to be a member of the United States Tariff Commission for the term expiring June 16, 1952. (Reappointment.)



## HOUSE OF REPRESENTATIVES

MONDAY, MAY 6, 1946

The House met at 12 o'clock noon.

Rev. Bernard Braskamp, D. D., pastor of the Gunton-Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

Almighty God, who hast given unto us a life of high vocation, we pray that we may sense the sanctity of all the tasks and responsibilities of each succeeding day.

Grant that our President, our Speaker, and the chosen representatives of our beloved country may come to the sacrament of public service with clear minds and courageous hearts. May they be richly endowed with wisdom and understanding as they seek to achieve the triumph of those ideals and principles which Thou has ordained for mankind everywhere.

We pray that Thy hand of blessing may be extended to the struggling and suffering members of the human family. May the nations of the earth go forward as a commonwealth of free people, united by those bonds of friendship and fraternity which nothing can break and which shall match our common need.

In Christ's name we pray. Amen.

The Journal of the proceedings of Friday, May 3, 1946, was read and approved.

## MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on May 2, 1946, the President approved and signed a bill and a joint resolution of the House of the following titles:

H. R. 5400. An act making appropriations for the fiscal year ending June 30, 1947, for civil functions administered by the War Department, and for other purposes; and

H. J. Res. 333. Joint resolution to provide for the reappointment of Dr. Vannevar Bush as citizen regent of the Board of Regents of the Smithsonian Institution.

## MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 842) entitled "An act for the relief of the Elmira Area Soaring Corp."

## THE LATE HON. FRED A. BRITTEN

The SPEAKER. The Chair recognizes the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I have today the truly unpleasant duty to announce the death of one of our outstanding former Members, the late Honorable Fred A. Britten, of Illinois. Fred Britten was a useful Member of the House of Representatives for 22 years. Born in Chicago the year of the great Chicago fire, he entered politics by his election as an alderman. He came to Congress in 1913, and was chairman of the Commit-

tee on Naval Affairs from 1928 to 1931. He was long a personal friend of mine, although politically we disagreed widely from time to time. In this death the country has lost a sincere, able, aggressive and courageous citizen. As a Member, and especially as chairman of the Naval Affairs Committee, he was recognized as an extremely assiduous, efficient, and capable legislator having to do with that branch of our national defense. A stalwart advocate of a big navy, he was aggressive and, right or wrong, always ready to debate any question he considered of importance to the Nation. During the last several months of his service in the House he served the then leader of the minority, Mr. Snell, as first assistant. He came to Congress well prepared for legislative duties, inasmuch as he had served in the Chicago city council and had had successful business experience. He was a sharp and discomfiting debater.

I know that older Members who had the privilege of serving with and knowing him and his good wife join me in expressing to the widow heartfelt sympathy at the passing of this sound legislator. The city of Chicago has lost a gentleman who was always ready and willing to help a good cause. Although he was on the other side of the political fence from most of our delegation, when it came to helping the city of Chicago or the State of Illinois he was always willing to cooperate wholeheartedly. He was a forceful advocate of the St. Lawrence waterway. It goes without saying that he was at all times active in legislation looking to the best interests of our whole Nation. We have lost an outstanding American whose honesty and sincerity of purpose could not be questioned, however strongly we might disagree with his views and his manner of presenting them.

Mr. LUTHER A. JOHNSON. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Texas.

Mr. LUTHER A. JOHNSON. Mr. Speaker, having served in the House with Fred Britten, I desire to join in the justly deserved tribute that has been paid him by the distinguished gentleman from Illinois [Mr. SABATH], who is now addressing the House, and to say that the Nation has lost a very able man and a man whose memory will forever abide in the hearts of those who served with him.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. McCORMACK. Mr. Speaker, the passing of Fred Britten is a matter of great sorrow to me. Those of us who served with him will always remember him for his unusually fine personality—his nobility of character. As a legislator, I never served with one who was more sincere in his devotion to his duty. He was also one of the ablest debaters I have ever served with in any legislative body. A great American, he has rendered during his lifetime his contribution in his day to not only the preservation but the progress of our country.

Mr. ALLEN of Illinois. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. ALLEN of Illinois. Mr. Speaker, it is my sad duty to announce to the House the death of the Honorable Fred Albert Britten, former Representative from the State of Illinois. He was born in Chicago, Ill., November 18, 1871; attending the public schools and Healds Business College at San Francisco, Calif.; engaged in general building construction world fair at Chicago in 1893; member of Chicago City Council, 1908-12; member of the city civil-service committee in 1909, and served as chairman; chosen a member of the American group of the Interparliamentary Union in 1923, and was chosen vice president in 1927; elected as member of the Republican National Congressional Committee in 1926; elected as a Republican to Congress in the Sixty-third Congress, and served as a Member of Congress for 22 years, until March 4, 1935.

We who so well remember him know that he faced each task with the heroic courage of those who do not count the cost. His character rested upon a foundation deep and sure.

Fred Britten stood foursquare with the world. His passing leaves a deep impress upon all of us who in the vigor of life were privileged to know and serve with him. It may not be out of place to suggest to those who more intimately mourn, that in his life he typified the most sacred meaning of the soul in life's devotion, and with this realization there will come a peace that no black cloud of today's sorrow may obscure and no lonely threat of tomorrow defeat.

At an appropriate time the Members of the House will have opportunity to express their friendship and devotion for our colleague and friend.

Mr. REED of Illinois. Mr. Speaker, in the passing of Fred A. Britten, Congress loses one of its former and beloved Members and the Nation loses another of the statesmen who contributed so much to the era that is now drawing to a close.

Fred Britten was one of the notables that Illinois has contributed to the Nation. Born in Chicago on November 18, 1871, he received his early education in the public schools of that city. After graduating from business college at San Francisco, he chose general building construction for a career and established a successful business which rapidly expanded to such an extent that he promoted and completed numerous national projects in many cities throughout the United States.

His interest in public affairs actively began in 1903, when he offered himself as a candidate for alderman of the twenty-third ward of Chicago and was triumphantly elected. His keen interest in civic affairs and his unselfish energies in behalf of the citizens of his ward insured his reelection by a large majority. That his colleagues on the city council early recognized his exceptional qualifications is evidenced by the fact that during his first term he was made chairman of the important committee on civil service.

After two terms, during which he became one of the council leaders, he was

urged by his constituents to seek higher honors and more extensive opportunities to exert his talents. He acquiesced, and in 1912 became the Republican nominee for Congress in the Ninth District of Illinois, which was then represented by a Democrat. Shortly after achieving the nomination, the Republican Party was split in twain by the Taft-Roosevelt convention contest. As a result thereof, the Progressive Party came into being and a candidate of that party was entered in the lists against him. In spite of that handicap, Fred Britten, emerged from that memorable battle of ballots successfully and with the distinction of being the only Republican congressional candidate in the United States who had succeeded an incumbent Democratic Member for the Sixty-third Congress.

Early in his service in the House of Representatives, he evinced an intense interest in the United States Navy. In due time he was elected a member of the Committee on Naval Affairs and in 1928 became its chairman. He believed that the Navy was our first line of defense and the determined vigor he exercised to make it the most powerful in the world, will long be remembered. He was a firm believer in the doctrine that peace can be best attained by adequate preparation for war.

He sincerely believed that our participation in World War I could have been averted and although realizing that his course would be unpopular, he courageously voiced his convictions and voted against the declaration of war. When war was declared, however, he energetically supported its prosecution to a successful conclusion.

When peace came, his energies were directed toward constructive policies that would insure domestic stability and promote international good will. In 1923 he was made a member of the American group to the Interparliamentary Union and was its vice president in 1927.

For 22 years Fred Britten served his State and Nation in this body. Sincere and energetic in the exercise of his public duties, he will be remembered in his personal association with his colleagues as a kind, generous, courteous man who possessed a keen sense of humor.

Fred Britten's service to the Nation typifies that of many of our earlier statesmen, who had the ability to develop within themselves the forces, the powers, and the inspirations that have meant so much to our national progress. His passing will be mourned by all who knew him and his contribution to our greatness among the nations.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. MARTIN of Massachusetts. I wish to join with the Illinois delegation in expressing sorrow at the death of Fred Britten. He was an able, aggressive, and outstanding Member of the House for many years. We all admired and loved him for his rugged Americanism and his devotion to the State and Nation. He will long be remembered as an ardent champion of the upbuilding of the Navy. As chairman of the Naval Affairs Committee he did much to maintain the effi-

ciency and the size of the Navy. A good American is dead and his passing will be regretted by all who knew him.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. CHURCH. Mr. Speaker, I arise with deep regret and personal grief to announce the passing on Saturday, May 4, 1946, of Fred A. Britten, who served from 1913 to 1935 as Representative in Congress from the Ninth Illinois District.

Seldom has a man served so long, so honorably, and so ably. His entire life is a record of devotion to the country which he loved and for which, as chairman of the Naval Affairs Committee of this House, he did as much as any man in America to build far-seeing and adequate defense.

Mr. Britten's experience and knowledge of localities and people was wide and contributed to his human understanding, quick thinking, and just estimates of men and affairs. Mr. Speaker, I want to emphasize his friendliness, his kindness—these are the traits which made Fred Britten loved, and won cooperation.

Born in the city of Chicago on November 18, 1871, he went as a young man to the west coast where he became known nationally as a star athlete. In fact, he won the Pacific coast amateur boxing championship in 1892, the central championship in Chicago in 1893, and the eastern championship in Chicago in 1894. He was also a crack runner and swimmer.

Mr. Britten went into politics as an alderman in Chicago in 1909 and served until 1912. In 1913 he began his 22 years' service in this House. His nimbleness of tongue and wit quickly made him a colorful and respected Member. With his gift for debate with lightning comprehension and forceful barbs—helped him become a formidable opponent in any debate. That power of thought and speech he devoted for 22 years to the cause of Americanism—a cause for which he never ceased to fight after his retirement, even during these last months of his honorable life.

It was, however, as an early and constant advocate of a big navy that Fred Britten was best known nationally. He was indeed a big-navy advocate, even when, in the early twenties, this country was more interested in scrapping warships than in building them.

He helped lead the fight for the huge 1916 Navy program. He, with rare foresight, bitterly opposed the scrapping of that program under the Navy Limitation Treaty of 1922. While chairman of the Naval Affairs Committee, in 1928 to 1931, he threw his weight immediately toward the passage of the act of February 13, 1929, which provided for the construction of 15 cruisers. He never ceased to urge the necessity for a large, adequately manned, and powerful navy.

That the United States had the background of such a navy in the dark days of 1941 is part of Fred Britten's contribution to his country—and would be the only monument that his stout heart would wish.

Fred Britten loved his country and served her well. His sound devotion to the principles which have made America

great among the nations, and his unswerving loyalty to her best interests constitute a challenge to the generation of men to whom now fall the task of preservation of our American ideals.

Mr. Speaker, Members all extend their heartfelt sympathies to his dear wife.

Mr. MICHENER. Mr. Speaker, will the gentlemen yield?

Mr. SABATH. I yield.

Mr. MICHENER. Mr. Speaker, I also served with Fred Britten. He was all that has been said of him. In addition, he was a live-wire concerning everything having to do with the efficiency of the House. For instance, as I recall, he had as much, if not more, to do with securing an attending physician for the House as any man in the House. I think Dr. Calver came here directly through the efforts of Mr. Fred Britten, then a member of the Naval Affairs Committee.

He also arranged to have the Army-Navy football game played in Chicago one year. His interests were varied. He was a personable man and took delight in helping others. His family has our sympathy.

Mr. REED of New York. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. REED of New York. Mr. Speaker, I had both the pleasure and honor of serving with Mr. Britten during almost his entire congressional career.

I agree with what has been said in reference to Hon. Fred Britten, but one point has been omitted. He was a lover of athletics. He felt a great interest in the health of the Members of the House, and I know of no man who took greater interest in establishing a gymnasium where the Members might have exercise for their health, than did Hon. Fred Britten. He was a friend of every man on the floor of the House with whom he served, regardless of their political affiliations. We all loved and respected him. I feel in his death a personal loss and my sympathy goes out to his wife, who I understand survives him.

Mr. SABATH. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Speaker, I too served in the House with Fred A. Britten. I shall never forget him as long as I live because he was always alert and active. If there was anything suggested on the floor of the House with which Fred Britten did not agree he would oppose it on its merits. He was one of the best debaters we had on this side of the House. He was sincere in everything he did, he was capable, and lent all his energies toward accomplishing the things he felt should be done. I shall always remember Fred Britten and the many things in which he was interested, and the activity he displayed in trying to see that they materialized.

Fred Britten well deserves the many fine tributes that have been paid to him this morning.

Mr. SABATH. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. RESA], representing the district formerly represented by the late Fred Britten, may be permitted to extend his remarks at this point in the



RECORD, as he has been delayed in reaching the floor.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. RESA. Mr. Speaker, the death of Hon. Fred A. Britten, formerly a Member of this honorable body, marks the end of a career which Chicagoans will long remember. As an alderman of the city of Chicago and later as a Member of this distinguished body Mr. Britten was a colorful and aggressive public servant. While I did not have the privilege of personal acquaintance with him I know that the people of my home city as well as people in Washington who knew him and Members of the House of Representatives who served with him have recognized in Mr. Britten those qualities of mind and personality which naturally win many friends and lead to success in public life.

It is a tribute to Mr. Britten that so many who served with him in the Congress of the United States remember him with respect and affection. His death removes a national figure who made effective use of the opportunities which America offers to all her sons. To emulate those qualities which won for him so many friends is a worthy ambition for all of us.

Mr. SABATH. Mr. Speaker, I yield to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, the passing of Fred Britten offers at least a moment for what I consider to be an interesting retrospect.

It was in October of 1871 that Mrs. O'Leary's cow kicked over the lantern that started the Chicago fire and accounted for probably the greatest conflagration in the history of this country. It was a month later that Fred Britten was born in the smoldering ruins in Chicago. Just as that great city on Lake Michigan has risen to a preeminent position in the world, so Fred Britten through indomitable courage and resolution rose along with the city and with the country. He had a remarkable career as an amateur champion boxer in the Navy, as an enlisted man in the Navy, as the lightweight champion of the Navy, as I recall; he served on the Chicago City Council, became a contractor, became sponsor of a great navy, and finally became chairman of the Naval Affairs Committee of the House of Representatives.

It was in 1913 that he was elected to this House. That appeals to me for this reason: He came to this House about 2 months before I graduated from high school. I remember those days. With avidity, I used to examine the CONGRESSIONAL RECORD and glean preparatory material for debates on various subjects such as the freedom of the Philippines—that was a favorite subject back in those days—so I used to encounter his name in the CONGRESSIONAL RECORD. He came here when the present beloved Speaker was a Member of the House. He came here when in the Senate were such men as Borah, Root, La Follette, Allie James, Cummings, Brandegee, and others; in

the House was our present Speaker, Crisp, of Georgia, Barkley, of Kentucky, Mann and Madden, of Illinois, and others, some of whom I did not know personally. Those names made a deep impression on me. They sharpened my interest in history and developed a deep appreciation for contemporary history. The history of each day, each week, each month, each year is after all but the impress of human personality on the moving pageant of time.

Fred Britten lived in a tremendous period of American history from 1913 to 1934. It was in those days when they were considering the direct election of Senators and when the Constitution was amended to provide for the income tax. He lived in a colorful and spiritual period of American history when there was prosperity and when we heard so little about those strange isms which challenge the thinking of Americans today.

He lived and served through World War I and enriched his country by his contribution to victory.

He lived through the depression of 1893, the dislocation of 1907, the upheaval of 1921, the economic disaster of 1929 and somehow he knew from life itself that each generation has its recurring pattern of problems and troubles which challenge the ingenuity of each generation.

The perspective of a long and fruitful life and his own experience in these periods of moral and economic dislocation taught him the value of patience, the importance of courage and the need for a happy outlook upon the current scene. It accounts for that exuberance of spirit which he forever displayed and which was the delight of his friends and enemies alike if he had any enemies. He was a great public servant, a great legislator, a great citizen, and in every sense he was the typical American, in whom one found those virtues which are a part of the grand tradition of this Republic.

Mr. SABATH. Mr. Speaker, I yield to the gentleman from Illinois [Mr. ARENDS].

Mr. ARENDS. Mr. Speaker, it was never my pleasure to serve in the House of Representatives with Fred Britten. I came to Congress for my first term just at the time Fred was concluding his long, long period of service to the people of this Nation. However, I soon became well acquainted with him through personal contact from time to time.

Fred Britten was a fine man, loved and respected by his colleagues. As chairman of the great Naval Affairs Committee of the House, he courageously sponsored and supported a large Navy feeling it necessary in our national defense. He had foresight and vision and was fearless in promoting any belief that he held. Yes, Fred Britten was a real man and will be missed by many of us who were privileged to call him our friend.

#### ELECTION AS MEMBER OF COMMITTEE ON FOREIGN AFFAIRS

Mr. COOPER. Mr. Speaker, I offer a privileged resolution (H. Res. 612) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That THOMAS E. MORGAN, of the State of Pennsylvania be, and he is hereby, elected a member of the Standing Committee of the House of Representatives on Foreign Affairs.

The resolution was agreed to.

#### EXTENSION OF REMARKS

Mr. LUTHER A. JOHNSON asked and was given permission to extend his remarks in the RECORD and to include a brief article on the food situation abroad.

Mr. WASIELEWSKI asked and was given permission to extend his remarks in the RECORD in two instances, to include in one an article from the Sunday Star and in the other an article from the Milwaukee Journal.

Mr. KOPPELMANN asked and was given permission to extend his remarks in the RECORD and include an address by Bishop Henry J. O'Brien of his district in which he particularly calls on the people of America to take an active part in the affairs of this country and the world.

Mr. PINERO asked and was given permission to extend his remarks in the RECORD and include a radio interview with the President of the Senate of Puerto Rico, Hon. Luis Munoz-Marin.

Mr. KELLEY of Pennsylvania asked and was given permission to extend his remarks in the RECORD and include a letter from the students of St. Xavier Academy, Latrobe, Pa., on the subject of feeding the starving children of the world, and also to include the names of those who signed the letter.

Mr. GRANGER asked and was given permission to extend his remarks in the RECORD and include a letter from the Honorable Robert E. Hannegan, chairman of the Democratic National Committee.

Mr. LUDLOW asked and was given permission to extend his remarks in the RECORD and include the text of a memorial presented to the President and the Secretary of State.

Mr. MCGREGOR asked and was given permission to extend his remarks in the RECORD and include an editorial from the Mount Vernon (Ohio) News.

Mr. O'HARA asked and was given permission to extend his remarks in the RECORD and include two editorials.

Mr. RICH asked and was given permission to extend his remarks in the RECORD and include an article taken from the July 1945 Rotarian entitled "An American Assays His Heritage."

#### SPECIAL ORDER GRANTED

Mr. JOHNSON of Illinois. Mr. Speaker, I ask unanimous consent that on tomorrow, Tuesday, May 7, after disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered, I may be permitted to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

## PRISON BREAK AT ALCATRAZ PRISON

Mr. JOHNSON of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. JOHNSON of California. Mr. Speaker, we have just had a very tragic prison break at Alcatraz prison in California resulting in the death of several guards as well as several prisoners. It is my intention to present an amendment to the Criminal Code of the United States to provide that any prisoner who participates directly or indirectly or conspires to assault or injure a guard in order to escape have his term of confinement increased by an amount equal to the term which he is serving. In the event he is serving a life term he shall be executed, which is the law in California and it has operated very well to hold desperate and reckless criminals in check.

I hope the Judiciary Committee also looks into the circumstances surrounding this prison break—not only to see if there are any flaws in the law which could be eliminated but also if there were flaws in the administration of the prison.

## EXTENSION OF REMARKS

Mr. MASON asked and was given permission to extend his remarks in the RECORD on the subject of the genesis of the present coal strike, and include a letter to his constituents, and also an article by Mark Sullivan on the same subject.

Mr. MILLER of Nebraska asked and was given permission to extend his remarks in the RECORD in two instances, and include a letter and an essay on food in each instance.

Mr. WIGGLESWORTH asked and was given permission to extend his remarks in the RECORD.

Mr. RAMEY asked and was given permission to extend his remarks in the RECORD and include a prize-winning essay of a high-school student in Ohio, winner among 7,000 contestants.

Mr. STOCKMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an address delivered by Hon. Henry Cabot Lodge, Jr., on Saturday, April 27, in Portland, Oreg., before the State convention of the Young Republican Federation of Oregon. I heard this speech when it was given, and it aroused such favorable comment that I wish to place it in the RECORD and make it available for all Members of Congress.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. McCOWEN asked and was given permission to extend his remarks in the RECORD and include a statement he made before the Committee on Ways and Means in connection with the broadening of the Social Security Act.

## SPECIAL ORDER GRANTED

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that on Thursday next, at the conclusion of

the legislative program of the day and following any special orders heretofore entered, the gentleman from New Jersey [Mr. HAND] may be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

## RENAMING BOULDER DAM HERBERT HOOVER DAM

Mr. BENNET of New York. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BENNET of New York. Mr. Speaker, I would like to have the House know that I am today introducing a joint resolution providing, in substance, that Boulder Dam on the Colorado River shall be renamed Herbert Hoover Dam in recognition of the fact that former President Hoover was the prime factor in the planning and construction of this dam and also as some form of tribute to the exceptional services which Herbert Hoover rendered to his country in World War I, in the office of the President, and in the present food crisis, all of which services were performed without compensation.

I sincerely hope that there will be unanimous, nonpartisan support for this resolution which does belated justice to a great American who was forced to serve his country at a time of desperate economic crisis and who, as a result, endured abuse and ridicule to a degree unequalled since the days of Abraham Lincoln.

## EXTENSION OF REMARKS

Mr. BUFFETT asked and was given permission to extend his remarks in the RECORD.

Mr. WELCH asked and was given permission to extend his remarks in the RECORD and include an editorial published in the San Francisco Call-Bulletin.

Mr. DE LACY asked and was given permission to extend his remarks in the RECORD and include a memorandum on the proposed Chinese loan.

## UNITED STATES MARINE CORPS

Mr. BARDEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BARDEN. Mr. Speaker, I notice this morning's newspaper quotes Gen. Alexander A. Vandegrift, who is now Commandant of the United States Marine Corps, as follows:

The Marine Corps feels that the question of its continued existence is a matter for determination by the Congress, and not one to be resolved by departmental legerdemain or a quasi-legislative process enforced by the War Department General Staff.

The bended knee is not a tradition of our corps. If the marine as a fighting man has

not made a case for himself after 170 years of service, he must go.

But I think you will agree with me that he has earned the right to depart with dignity and honor, not by subjugation to the status of uselessness and servility planned for him by the War Department.

Mr. Speaker, the American people with grateful hearts will never stand by, nor will this Congress, and permit the United States Marine Corps to be kicked around. It has made a great record. They are now, and always have been, a great bunch of fighting men. I certainly would be quick to rise to my feet to defend them against any kind of attack from anybody or department anywhere, anytime. For 170 years they have never retreated or failed to do with credit and distinction any job assigned them, and they have certainly been assigned some tough ones. It was the Marine Corps, with very limited equipment, that not only stopped the Japs at Guadalcanal but kept them on the run until their surrender. It took the Army, Navy, Marine Corps, and the Coast Guard to win this war. There is enough glory for all. Let us let each branch of service stand on its record, and in so doing the United States Marine Corps will need no defense from anyone. The Marine Corps belong to the United States, and the people of the United States will not tolerate any tinkering with it.

## THE COAL STRIKE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, we need not deceive ourselves, our Government is on trial.

This coal strike that threatens to paralyze the Nation is one of the most brazen challenges this Government has had in all its history. It is a question now whether the President of the United States and the Members of the House and the Senate are ready to meet that challenge and to give the American people to understand that we are going to have a government by laws, and not a government by men, or a misgovernment by racketeers.

For my part, I am ready to go to meet the challenge now.

This attempt to force the American people to pay tribute on every ton of coal, or to force the American Government to take over the coal mines, smacks very much of the dictatorships that are now wrecking Europe.

If we cannot govern our own country, how can we teach the peoples of other countries how to run theirs?

Mr. SABATH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SABATH. Mr. Speaker, I agree that it is almost unfortunate that the country is now threatened with a critical



coal shortage as the result of the deadlock between John L. Lewis and the mine owners and I deplore the situation facing the country; but the coal-mine operators and the Republican Party must bear their full share of responsibility.

Personally, of course, I have no special love for John L. Lewis; but I have a deep feeling for the miners for whom he essays to speak. You gentlemen on the Republican side have upheld John L. Lewis; you have repeatedly pointed to him as the ideal labor leader, because he swung over his peculiar kind of support to Republicans when he found he could not dictate to Franklin D. Roosevelt, and though you found Lewis could not dictate to the miners when it came to voting for Roosevelt; you have sung and danced to the music of the coal-mine operators as far back as memory runs; and between the operators and you of the Republican side Lewis has been deluded into thinking he is greater and more powerful than the country itself.

#### UNHOLY ALLIANCE BLOCKS EFFORTS

I think that something should be done, and without delay, to resolve the present stalemate. I hope that the President will, as usual, take a strong and forthright position and bring an end to strikes and lock-outs of this kind which involve the well-being of the entire Nation.

But what do the critical Republicans suggest be done? As long as they coddle John Lewis, on one side, and the coal operators on the other, and can unfortunately effect a coalition to block every effort made by the administration, is it not up to that unholy alliance to aid, and, if they have any, to display their capacity for constructive leadership and come to the rescue of the Nation, since they can make it impossible for the President to end this deplorable impasse?

#### REPLY TO CRITICS

I am receiving many letters and telegrams, Mr. Speaker; I presume most Members are getting the same kind. In answer to those communications, I am sending substantially this answer:

DEAR SIR: The coal strike is indeed unfortunate. However, you ought to address the Republicans who have been coddling and encouraging John L. Lewis, who has for 9 years cooperated with them, and they with him, while at the same time they have supported the coal operators in their resistance to decent wages and living conditions. All three are equally responsible now.

And that is a fact, Mr. Speaker.

The Republicans were taken in by Mr. Lewis, who courted their favor for his own devious purposes. They created the Lewis myth of a great Republican labor leader, and now they are stuck with it. If I were vindictive, I should enjoy their discomfiture. Since I am not vindictive, I will only add that I agree fully the situation is critical, and I seriously suggest that Republican leaders call in John L. Lewis and the spokesmen for the coal-mine operators and beg them humbly to go to work for the sake of the country and the party. Lewis is the Republicans' baby; they should be able to do more with him than anyone on the administration side of the aisle.

#### THAT OLD LOAN

Some of the Republicans on the floor will, I know, bring up that old story of the loan—I repeat, loan—made to the Democratic National Committee in 1936, but never saying a word about the fifteen or twenty millions in gifts made to the Republican Party.

Certainly such a loan was made; but subsequent events proved that neither John L. Lewis nor John J. Raskob nor anyone else could dictate or influence or control Franklin D. Roosevelt, who considered only the best interests of the people. That was a welcome change for the country from the days of Silent Cal Coolidge and of Hoover, who, as the late liberal Republican editor and wit, William Allen White, once pointed out, used to signal across La Fayette Park to the United States Chamber of Commerce office for instructions before breakfast every morning.

The Republicans should be able to sway both groups, and to do more toward a settlement than can the President unless he takes over the mines.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, the gentleman from Illinois certainly is ungrateful. It has not been so very long since John L. Lewis contributed \$770,000 through his United Mine Workers for the reelection of Franklin Delano Roosevelt.

Where is the consistency in taking their money, what is the sense of protecting the union politicians, and then coming down in the well of the House and attacking them? The Democratic administration, or rather the New Deal administration, has been in absolute control of the Government of the United States for more than 12 years. What have you done? You have encouraged every racketeer and every profiteer who ventured to raise his head to carry on his unlawful activities. What are you doing over in the other body today? On the 12th day of April 1943 we sent over the antiracketeering bill—the Hobbs bill to end racketeering by Dan J. Tobin's teamsters union, which has always supported the New Deal. It lies buried over there. When you go out in the Hall you can smell it, yet you have the nerve to profess as a party to be against these unlawful activities.

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. SMITH of Virginia. Mr. Speaker, apropos of the remarks made here about the coal strike, I thought I would bring you a message which I received this morning concerning two of my prominent constituents. One, a businessman, called me and said that he had just been

put out of business by the coal strike. So he called up my other constituent, his neighbor, Mr. John L. Lewis, at 7 o'clock this morning. He reported to me that Mr. Lewis was very indignant that he should have been awakened at that time. My other constituent asked Mr. Lewis when he was going to call this coal strike off so that the country could get back on its feet. Mr. Lewis said that he was not going to call it off until the mine owners did what he told them to do. I thought you gentlemen would be interested in that conversation.

Mr. CHURCH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. CHURCH. Mr. Speaker, I think it is time to emphasize to the country and to the Congress what some ex-servicemen in my district think of the Lewis coal-strike situation. They write, in part, as follows:

CHICAGO, ILL., May 4, 1946.

HON. RALPH E. CHURCH,  
Representative in Congress,  
Washington, D. C.

DEAR SIR: Please introduce a bill before the House of Congress to curb the present power of one John L. Lewis who calls strikes so often against the coal miners, as a result all of Chicago has to suffer because of new dim-out rules and regulations. Are servicemen recently discharged entitled to earn a full week's salary in Chicago. How are they able to do this when their plants have been cut to 24 hours of work weekly because of this new dim-out because of lack of coal in Chicago.

Why not introduce a bill to put John L. Lewis in jail and throw the keys away. The servicemen and civilians are fed up with this one-man powerhouse in Washington, D. C. Someone must start the ball rolling to oust this man from power in the ranks of the coal miners unions.

We in Chicago hope and pray Congress will curb John L. Lewis immediately; for once and for all stop his power. Chicago suffered last night in a partial dim-out, factories had to send their employees home ahead of time, and informed them they will only be able to work, Tuesday, Wednesday and Thursday of next week a total of 24 hours. How can a serviceman with a wife and children live on a salary like this. Please introduce a bill against the power of John L. Lewis at present like the same one against on Petrillo. Thanking you for your past kindness and courtesy.

With kindest regards,  
GEORGE ROBERT BROWN,  
Pvt. EDWARD GEORGE BROWN (Army),  
EDWARD FRANK HITCHCOCK (sailor),  
LEROY W. THORPE (Army),  
GEORGE THORPE (Navy),  
JAMES W. BLANCO (Air Corps),  
JOHN ROBERT THORPE (Air Corps),  
Forty-fifth Ward, Tenth Congressional District Residents.

Mr. SAVAGE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

[Mr. SAVAGE addressed the House. His remarks appear in the Appendix.]

Mr. GROSS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GROSS. Mr. Speaker, I was rather amazed to hear the gentleman from Chicago [Mr. SABATH], tell how the Republican Party had coddled John Lewis. Why, Mr. SABATH, but your memory is short. I remember that the New Deal built up this Frankenstein which is kicking us in the face today and is now challenging our Government. What would happen to the country if the farmers did not have any more sense than to listen to John Lewis? Instead of having no coal, we would have no food. The farmers have been loyal right straight through. They did not follow the advice of the administration or the leadership of John L. Lewis or you would not have milk for your children today or anything else. It is time that you fellows on the Democratic side, instead of blaming us Republicans, begin thinking of the situation as it actually is.

Have you forgotten how Browder was released from the penitentiary to help reelect Roosevelt by getting the Commies together?

Have you forgotten how Harry Bridges was kept here for the same purpose after he was convicted by the courts of nearly all the crimes on the calendar, then ordered to be deported but finally given his citizenship papers after he was here raising hell for more than 21 years?

We stuck our necks out and passed the Hobbs bill and the Case bill. It is the other body which refuses to act. I tell you that the country is beginning to realize that the men in public positions and executive positions in the New Deal leadership who are appeasing the gangsters from within and the aggressors from without are worse than the aggressors and gangsters themselves.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES ON INTER-AMERICAN MILITARY COOPERATION ACT

The SPEAKER laid before the House the following message from the President of the United States, which was read by the Clerk, and, together with the accompanying papers, referred to the Committee on Foreign Affairs and ordered printed:

*To the Congress of the United States:*

I submit herewith for the consideration of the Congress a bill to be entitled "The Inter-American Military Cooperation Act," authorizing a program of military collaboration with other American states including the training, organization, and equipment of the armed forces of those countries. I recommend that the Congress give this bill its favorable consideration and enact it.

For several years our Army and Navy have maintained cordial relations of collaboration with the armed forces of other American Republics within the framework of the good neighbor policy. Under authorization of the Congress, military

and naval training missions have been sent to various American Republics. During the recent war, even prior to Pearl Harbor, this collaboration was intensively developed on the basis of inter-American undertakings for hemisphere defense. Training activities were expanded, and under the Lend-Lease Act limited amounts of military and naval equipment were made available to the other American Republics as part of the hemisphere defense program. Forces from two of the American Republics participated in combat overseas, and others joined in the defense of the shores and seas of the Americas at a time when the danger of invasion of our continents was all too great.

More recently the American Republics have assumed new responsibilities, for their mutual defense and for the maintenance of peace, in the Act of Chapultepec and the Charter of the United Nations. The close collaboration of the American Republics provided for in the Act of Chapultepec, the proposed treaty to be based upon that act, and other basic inter-American documents, makes it highly desirable to standardize military organization, training methods, and equipment, as has been recommended by the Inter-American Defense Board.

Under the bill transmitted herewith, the Army and Navy, acting in conjunction with the Department of State, would be permitted to continue in the future a general program of collaboration with the armed forces of our sister republics with a view to facilitating the adoption of similar technical standards. Certain additional training activities, not covered by existing legislation, would be permitted. The President would also be authorized to transfer military and naval equipment to the governments of other American states by sale or other method.

The collaboration authorized by the bill could be extended also to Canada, whose cooperation with the United States in matters affecting their common defense is of particular importance.

A special responsibility for leadership rests upon the United States in this matter because of the preponderant technical, economic, and military resources of this country. There is a reasonable and limited purpose for which arms and military equipment can rightfully be made available to the other American states. This Government will not, I am sure, in any way approve of, nor will it participate in, the indiscriminate or unrestricted distribution of armaments, which would only contribute to a useless and burdensome armaments race. It does not desire that operations under this bill shall raise unnecessarily the quantitative level of armament in the American republics. To this end the bill specifies that amounts of nonstandard material shall be sought in exchange for United States equipment.

It is my intention that any operations under this bill, which the Congress may authorize, shall be in every way consistent with the wording and spirit of the United Nations Charter. The bill has been drawn up primarily to enable the American nations to carry out their obligations to cooperate in the maintenance of inter-American peace and se-

curity under the Charter and the Act of Chapultepec which is intended to be supplanted by a permanent inter-American treaty.

It is incumbent upon this Government to see that military developments in which we have a part are guided toward the maintenance of peace and security and that military and naval establishments are not encouraged beyond what security considerations require. In this connection the bill provides that operations thereunder are subject to any international agreement for the regulation of armaments to which the United States may become a party. In addition provision will be made for continuing coordination of the actual operations under the legislation with developing plans and policy in the field of armaments regulation.

In executing this program it will be borne in mind, moreover, that it is the policy of this Government to encourage the establishment of sound economic conditions in the other American Republics which will contribute to the improvement of living standards and the advancement of social and cultural welfare. Such conditions are a prerequisite to international peace and security. Operations under the proposed legislation will be conducted with full and constant awareness that no encouragement should be given to the imposition upon other people of any useless burden of armaments which would handicap the economic improvement which all countries so strongly desire. The execution of the program authorized by the bill will also be guided by a determination to guard against placing weapons of war in the hands of any groups who may use them to oppose the peaceful and democratic principles to which the United States and other American nations have so often subscribed.

In entering into agreements with other American states for the provision of training and equipment as authorized by the bill, the purposes of this program will be made clear to each of the other governments.

HARRY S. TRUMAN.

THE WHITE HOUSE, May 6, 1946.

[Enclosure: Draft bill entitled "Inter-American Military Cooperation Act."]

APPENDIX A

DRAFT BILL

MARCH 19, 1946.

To contribute to the effective maintenance of international peace and security pursuant to the objectives and principles of the United Nations, to provide for military cooperation of the American States in the light of their international undertakings, and for other purposes

Be it enacted, etc., That this act may be cited as the Inter-American Military Cooperation Act.

SEC. 2. The President is authorized to enter into agreements with the governments of other American States to provide: (a) for the instruction and training of military or naval personnel of such countries, (b) for the maintenance, repair, and rehabilitation of military or naval equipment in possession of such countries, and (c) for the transfer to such countries of any arms, ammunition, and implements of war as de-



financed in the President's Proclamation No. 2549 of April 9, 1942, or any superseding proclamation: any other aircraft or vessels; stores, supplies, services, technical information, material and equipment: *Provided*, That such transfer shall be consistent with the military and naval requirements of the United States and with the national interest.

SEC. 3. Notwithstanding the provisions of any other law, the President is authorized in order to carry out agreements made under section 2: (a) to provide instruction and training to military or naval personnel of any other American State, including but not restricted to instruction and training at service schools maintained and administered by the United States Army or Navy, or which may be established for this purpose, within territory under the jurisdiction of the United States, (b) to furnish to such students instruction and training, material and supplies required for instruction and training, clothing for use while under instruction and training, medical treatment in military and naval establishments, and such subsistence, quarters and Government transportation to and from their home countries and within the United States as it may be practicable to furnish in kind, (c) to furnish or transfer such services, technical information, and materials as may be necessary to test, inspect, prove, repair, recondition, or otherwise to place in good working order, military or naval equipment in the possession of such countries, and (d) to transfer, provide, provide for the use of, dispose of, or to facilitate the sale of, to such countries any arms, ammunition, or implements of war as defined in the President's Proclamation No. 2549 of April 9, 1942, or any superseding proclamation; any other aircraft or vessels; stores, supplies, services, technical information, material, and equipment.

SEC. 4. (a) Any agreement made pursuant to this act shall contain an undertaking by the foreign government (1) that it will not, without the consent of the President of the United States transfer title to or possession of any property transferred to it pursuant to this act; (2) that it will not permit use of any property so received or disclosure of any plan, specification, or other information pertaining thereto, or any technical information furnished, by or to anyone not an officer, employee, or agent of such government or for any purpose other than those set forth in this act; and (3) that such foreign government will make provisions comparable to those customarily made by the United States, for the security of any article or information received pursuant to this act.

(b) Any agreement for the disposition of any article or information under this act shall fully protect the rights of all citizens of the United States who have patent rights in and to any such item which is hereby authorized to be disposed of and the payment collected for royalties on such patents shall be paid to the owners and holders of such patents.

SEC. 5. The terms and conditions upon which the cooperation authorized under section 3 is extended to any country shall be such as the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory: *Provided*, That the terms for material or equipment transferred under section 3 of this act, which is procured by the Government of the United States for the purpose of transferring it to a foreign government, shall be payment of not less than the cost to the United States; and, that the terms for material or equipment transferred under section 3 of this act which is procured for the armed forces of the United States and is not declared by the Secretary of War or Navy, as the case may be, to be excess to the needs of the armed

forces of the United States, shall be payment of a fair value, giving consideration to age, condition, and cost to the United States of replacement of such material or equipment: *And provided further*, That in arranging the terms and conditions for the transfer of any arms, ammunition, and implements of war, as defined by the President's Proclamation No. 2549 of April 9, 1942, or any superseding proclamation, first consideration shall be given to requiring the transfer by the foreign government to the United States of any similar articles, weapons, aircraft, or vessels not adapted to tables of organization and equipment of the armed forces of the United States. The value of such equipment received from the foreign government shall be computed on the same basis as the value of similar equipment disposed of, under existing laws and regulations, by the armed forces of the United States as surplus to their needs, and may be included as part of any compensation required.

SEC. 6. Any agreement, transaction, or undertaking made by the United States pursuant to this act shall be subject to any general system for the regulation of armaments which may be adopted by the United Nations, and to any other international treaty or convention for the regulation or limitation of armaments or arms traffic to which the United States may become a party.

SEC. 7. (a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this act.

(b) All moneys which may be received from the government of any American state in payment for any property procured by the War or Navy Department or furnished by such Department from stocks on hand and transferred pursuant to this act shall, except as hereinafter provided, revert to the respective appropriation or appropriations out of which funds were expended in carrying out the transaction for which money is received. Such moneys shall be available during the fiscal year in which such funds are received and the ensuing fiscal year to replace the funds utilized for procurement or to replace the property so furnished from stocks on hand: *Provided*, That where the Secretary of War or the Navy determines that such replacement of funds or property is not necessary, the amounts received shall be covered into the Treasury as miscellaneous receipts.

(c) The President is authorized, when he deems it in the public interest, to accept advances of funds from the governments of other American states for all or part of the expenses of any portion of the program authorized in this act, and the amount so received shall be credited to appropriate appropriations or funds so as to be available to carry out the purposes for which the advance payment was made: *Provided*, That where the Secretary of War or the Navy determines that such replacement of funds or property is not necessary, the amounts received shall be covered into the Treasury as miscellaneous receipts.

SEC. 8. The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this act, and he may delegate any power or authority conferred on him by this act to such department, agency, or officer as he shall direct.

SEC. 9. The President shall provide that the Congress be informed annually of all operations under this act unless in any particular case he may deem the disclosure of information incompatible with the public interest.

SEC. 10. If any provision of this act, or the application of such provision to any person or circumstance, is held invalid, the remainder of this act or the application of such provision to persons or circumstances other

than those as to which it is held invalid, shall not be affected thereby.

SEC. 11. The act of June 15, 1940, entitled "An act to authorize the Secretaries of War and of the Navy to assist the governments of American Republics to increase their military and naval establishments, and for other purposes" (22 U. S. C. 521 et seq.) is hereby repealed.

SEC. 12. The authority conferred by this act is in addition to any authority conferred by the Surplus Property Act of 1944 or any other provision of law authorizing transfers or disposals of property of the United States, and shall not be subject to regulations issued under any such laws or to the provisions of any law inconsistent herewith.

#### CONSENT CALENDAR

The SPEAKER. This is Consent Calendar day. The Clerk will call the first bill on the calendar.

#### THEODORE ROOSEVELT NATIONAL PARK, N. DAK.

The Clerk called the bill (H. R. 4435) to establish the Theodore Roosevelt National Park; to erect a monument in memory of Theodore Roosevelt in the village of Medora, N. Dak., and for other purposes.

Mr. DE LACY. Mr. Speaker, I ask unanimous consent that the bill may be passed over without prejudice for 2 weeks.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

#### RAILROAD REORGANIZATIONS

The Clerk called the bill (H. R. 5924) to enable debtor railroad corporations, whose properties during a period of 7 years have provided sufficient earnings to pay fixed charges, to effect a readjustment of their financial structure without further proceedings under section 77 of the Bankruptcy Act, as amended.

Mr. KEAN. Mr. Speaker, I ask unanimous consent that the bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

#### ADJUSTMENT OF CERTAIN INDIAN DEBTS

The Clerk called the bill (H. R. 2231) to authorize the Secretary of the Interior to adjust debts of individual Indians, associations of Indians, or Indian tribes, and for other purposes.

Mr. KEAN. Mr. Speaker, I ask unanimous consent that the bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

#### BRIDGE ACROSS THE SUSQUEHANNA RIVER IN LUZERNE COUNTY, PA.

The Clerk called the bill (H. R. 5403) to revive and reenact the act entitled "An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Susquehanna River at Bridge Street in Plymouth Borough, between Plymouth and Hanover

Townships, in the county of Luzerne, and in the Commonwealth of Pennsylvania."

Mr. BARDEN. Mr. Speaker, I ask unanimous consent that the bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

#### BEACH-EROSION CONTROL

The Clerk called the bill (H. R. 2033) authorizing Federal participation in the cost of protecting the shores of publicly owned property.

Mr. ROCKWELL. Mr. Speaker, I ask unanimous consent that the bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

#### REGULATION OF THE MARKETING OF ECONOMIC POISONS AND DEVICES

The Clerk called the bill (H. R. 5645) to regulate the marketing of economic poisons and devices, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. ALLEN of Illinois. Mr. Speaker, I object.

#### WILDLIFE RESTORATION

The Clerk called the bill (H. R. 3821) to amend sections 4 and 8 of the act of September 2, 1937, as amended.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BARDEN. Mr. Speaker, reserving the right to object, I wish the gentleman from Virginia [Mr. ROBERTSON] would explain this bill to the House.

Mr. ROBERTSON of Virginia. Mr. Speaker, this is a bill which authorizes the States to use not exceeding 25 percent of the Pitman-Robertson Act grants in aid for maintenance purposes.

Some of the States have bought more areas than they can properly maintain under the original act. They could spend that money only for the purchase of land for scientific research and for restocking. The States have asked a little more leeway and only those that need this money for this purpose will so expend it. It is limited to 25 percent of the total fund. It has the endorsement of the National Association of State Game Commissioners, it has the endorsement of the Fish and Wild Life Service, and it has received the unanimous report of the House Committee on Agriculture.

Mr. BARDEN. May I ask the gentleman, Does this reduce the amount of funds available for restocking?

Mr. ROBERTSON of Virginia. It does not. The States could use all of it for restocking if they want to. The total fund is not changed, but if the State is in the position that it needs a little for maintenance, it can so use it. However, the discretion is in the States as to how they shall use the fund under the provisions of the previous law.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That section 4 of the act of September 2, 1937 (50 Stat. 917; 16 U. S. C. 699), is hereby amended by striking out the provisos thereof and inserting in lieu thereof the following: "Provided, That such apportionments shall be adjusted equitably so that no State shall receive less than one-half of 1 percent nor more than 5 percent of the total amount apportioned to all the States."

Sec. 2. That section 8 of said act is amended so as to read as follows:

"Sec. 8. Maintenance of wildlife-restoration projects established under the provisions of this act shall be the duty of the States in accordance with their respective laws: *Provided*, That beginning July 1, 1945, the term 'wildlife-restoration project,' as defined in section 2, shall include maintenance of completed projects, but not more than 25 percent of the total amount apportioned to any State under the provisions of this act may be expended for such maintenance."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### COORDINATION OF ACTIVITIES FOR THE CONSERVATION OF WILDLIFE, FISH, AND GAME

The Clerk called the bill (H. R. 6097) to amend the act of March 10, 1934, entitled "An act to promote the conservation of wildlife, fish, and game, and for other purposes."

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BARDEN. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Virginia just how far this goes toward taking over the control of this work that is now exercised by the States?

Mr. ROBERTSON of Virginia. Mr. Speaker, this bill gives the States more jurisdiction than they now have and it was introduced because of the fact that we have authorized an appropriation of approximately a billion dollars for flood control and similar purposes. The States felt that in going into such a vast scale of impounding water it was highly desirable that the Federal Government make adequate provision for the servicing of wildlife and that there be provision for the States to have jurisdiction over those areas with respect to all types of wildlife, except migratory birds that are reserved to the Federal Government under our treaty-making powers, as under our treaty with Canada and Mexico and laws passed pursuant thereto.

This bill was amended at the request of the Western Association of Game Commissioners who felt that the original bill did not go quite far enough in protecting States' rights. The bill in its present form now has the support of the National Association of Game Commissioners. I was speaking day before yesterday with Mr. Feast, of Denver, Colo., who asked about the status of the bill. He told me that the western commissioners were very much concerned and hoped we would soon get the bill through.

Mr. BARDEN. I may say to the gentleman that my interest in these two bills is due to the fact that I have ob-

served in the past few years and few months a great deal more emphasis is being placed upon management, inspection, and investigating than in restocking. I am interested in some restocking work being done and I think when we put on a program of this kind that should be emphasized rather than so much management and investigation of these new areas.

Mr. ROBERTSON of Virginia. The gentleman is fundamentally right. It is more game and more fish they are working for.

Mr. BARDEN. That is exactly what I want and you are going to have to restock in order to get them.

Mr. ROBERTSON of Virginia. The bill that relates to that matter is the one that was just passed. That bill had the approval of the State of North Carolina and this bill also has the approval of the State of North Carolina.

Mr. BARDEN. May I say that I am not altogether in accord with the policy of North Carolina, even though it is a great State and I am from North Carolina. I want more restocking in North Carolina if they are going to continue to use these funds.

Mr. ROBERTSON of Virginia. The gentleman is right, but the bill we have under consideration now relates only to new impounded water areas. When our rivers are dammed up, or the streams are dammed, we want to see that provision is made for the salmon, for instance, to go up to the spawning beds and if other streams are dammed up that suitable plans are made for the protection of the fish. Then when that area is developed we want to turn it over to the States that are close to the people who under the common law are entitled to the wildlife in those States. The only thing we took away from them is that under the treaty-making powers of the United States we turned migratory birds over to the Federal Government. That is all the Federal Government should attempt to administer.

Mr. BARDEN. Mr. Speaker, on the theory that more emphasis will be placed on restocking, I withdraw my objection.

Mr. SMITH of Ohio. Mr. Speaker, reserving the right to object, can the gentleman tell the House what this will cost?

Mr. ROBERTSON of Virginia. It would be quite impossible for us to say what it would cost in dollars. I can say to the gentleman that it is the best investment that we could make. It preserves a great natural resource which is valuable to us in money and of inestimable value in its recreational opportunities for 140,000,000 people. The program is under way, and this just amends an existing law for coordination, and primarily provides that the States shall have jurisdiction over this wildlife when these waters are impounded. That is the primary purpose of the bill. But it also does provide that in planning a future dam or reservoir area, consideration shall be given to the effect upon wildlife. It might not cost anything at all. Again, if it is out in the West where you are damming up a stream, it would cost the ex-



pense of a fish ladder, but that is already authorized by law. I do not know of any investment that we can make at the present time that will pay us a larger and a richer dividend than to conserve our natural resources. Not only are the hunters and fishermen increasing by leaps and bounds, but we need the food and we need to teach our farmers land practices that will save their soil, and whatever will be good for them will also be good for the wildlife that finds habitat on the farmer's farm or in his streams.

Mr. SMITH of Ohio. No one questions the desirability of the project, but what we can seriously question though is, Can we afford it?

Mr. ROBERTSON of Virginia. We cannot afford not to do it, is my answer to that question.

Mr. SPARKMAN. Mr. Speaker, reserving the right to object, and I do not intend to object, but I serve notice that when the bill is called up, if it is called up and passed, it is my intention to offer an amendment which would be an additional section, section 10, to read as follows:

The provisions of this act shall not apply to the Tennessee Valley Authority.

The reason for that amendment is that the TVA is a multiple-purpose project, whereas this bill is really aimed at your single-purpose project. The TVA has its fish and wildlife department. The program is already set up. It is operating in agreement with the Fish and Wildlife Service and with the various State departments of conservation in the Valley States, and this would upset that entire program, which is, I think the gentleman from Virginia would say, operated with complete satisfaction today.

Mr. KEAN. Mr. Speaker, will the gentleman yield?

Mr. SPARKMAN. I yield to the gentleman from New Jersey.

Mr. KEAN. Has the committee acted on that amendment?

Mr. SPARKMAN. The committee has not acted yet. I talked with the gentleman from Virginia [Mr. ROBERTSON] this morning and with the gentleman from Virginia [Mr. FLANNAGAN], chairman of the Committee on Agriculture, and they agree to the proposed amendment.

Mr. KEAN. Has the gentleman talked to the minority members?

Mr. SPARKMAN. I looked for the gentleman from Kansas [Mr. HOPE], and I did not see him, and I did not see any other members of the committee.

Mr. ROBERTSON of Virginia. Mr. Speaker, will the gentleman yield?

Mr. SPARKMAN. I yield to the gentleman from Virginia.

Mr. ROBERTSON of Virginia. The bill does not affect any existing establishment. It only affects new establishments. Naturally, we did not draw the bill to exempt any particular agency from it. The gentleman from Alabama explains to me that the Tennessee Valley Authority is now doing just what this bill is going to require of future establishments; that is, it gives full consideration to wildlife interest in all of its developments, and then turns the management over to the States. They have

two relatively small projects which I understand will complete their program; is that correct?

Mr. SPARKMAN. That is my understanding.

Mr. ROBERTSON of Virginia. And they would like for the integrated program to be on the same basis that they have had it on, and I frankly admit that the Tennessee Valley Authority has been doing very good work with respect to wildlife in the area it has been administering. Naturally, I did not seek this amendment and I did not frame the bill exempting anybody. But in view of the explanation that the gentleman from Alabama has made and the urgent necessity to get this bill through this House now, if we are going to get any action before Congress adjourns about the middle of July, I told him I would raise no objection to letting these two small projects step from under the provisions of this bill.

Mr. KEAN. Mr. Speaker, until such time as the gentleman talks to the minority members of the Committee on Agriculture and then gets their approval, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

#### LAKE WINNEPESAUKEE, N. H., MAIL SERVICE

The Clerk called the bill (H. R. 5820) relating to mail service on Lake Winnepesaukee, N. H.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That there is hereby repealed the proviso (30 U. S. C. 208) appearing in the first section of the act of February 28, 1919 (40 Stat. 1189, 1194), entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1920, and for other purposes", providing as follows: "Provided, That hereafter the compensation for the carrier of mail on Lake Winnepesaukee from the post office at Laconia, N. H., who furnishes his own equipment, shall be \$1,800 per annum."

The bill was ordered to be engrossed and read a third time was read the third time, and passed, and a motion to reconsider was laid on the table.

#### UNITED STATES MERCHANT MARINE ACADEMY

The Clerk called the bill (H. R. 1751) to authorize the course of instruction at the United States Merchant Marine Academy to be given to not exceeding twenty persons at a time from the American republics, other than the United States.

Mr. KEAN. Mr. Speaker, at the request of the gentleman from New York [Mr. BUCK], I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

#### INTERSTATE COMPACT WITH RESPECT TO WATERS OF COSTILLA CREEK

The Clerk called the bill (H. R. 4510) granting the consent and approval of

Congress to an interstate compact between Colorado and New Mexico with respect to the waters of Costilla Creek.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the consent and approval of Congress is hereby given to the compact between the State of Colorado and the State of New Mexico designated as the Costilla Creek compact signed in the city of Santa Fe, State of New Mexico, on the 30th day of September A. D. 1944, by Clifford H. Stone, commissioner for the State of Colorado, and Thomas M. McClure, commissioner for the State of New Mexico, and thereafter approved by the legislatures of the States of Colorado and New Mexico, which compact reads as follows:

#### COSTILLA CREEK COMPACT

The State of Colorado and the State of New Mexico, parties signatory to this compact (hereinafter referred to as "Colorado" and "New Mexico," respectively, or individually as a "State," or collectively as the "States"), having resolved to conclude a compact with respect to the waters of Costilla Creek, an interstate stream, have designated, pursuant to the acts of their respective legislatures and appointment by their respective governors, as their commissioners: Clifford H. Stone, for Colorado; Thomas M. McClure, for New Mexico; who after negotiations, have agreed upon these articles:

#### Article I

The major purposes of this compact are to provide for the equitable division and apportionment of the use of the waters of Costilla Creek; to promote interstate comity; to remove causes of present and future interstate controversies; to assure the most efficient utilization of the waters of Costilla Creek; to provide for the integrated operation of existing and prospective irrigation facilities on the stream in the two States; to adjust the conflicting jurisdictions of the two States over irrigation works and facilities diverting and storing water in one State for use in both States; to equalize the benefits of water from Costilla Creek, used for the irrigation of contiguous lands lying on either side of the boundary, between the citizens and water users of one State and those of the other; and to place the beneficial application of water diverted from Costilla Creek for irrigation by the water users of the two States on a common basis.

The physical and other conditions peculiar to the Costilla Creek and its basin, and the nature and location of the irrigation development and the facilities in connection therewith, constitute the basis for this compact; and neither of the States hereby, nor the Congress of the United States by its consent, concedes that this compact establishes any general principle or precedent with respect to any other interstate stream.

#### Article II

As used in this compact, the following names, terms, and expressions are described, defined, applied, and taken to mean as in this article set forth:

(a) "Costilla Creek" is a tributary of the Rio Grande which rises on the west slope of the Sangre de Cristo Range in the extreme southeastern corner of Costilla County in Colorado and flows in a general westerly direction crossing the boundary three times above its confluence with the Rio Grande in New Mexico.

(b) The "canyon mouth" is that point on Costilla Creek in New Mexico where the stream leaves the mountains and emerges into the San Luis Valley.

(c) The "Amalia area" is that irrigated area in New Mexico above the canyon mouth and below the Costilla Reservoir which is served by decreed direct-flow water rights.

(d) The "Costilla-Garcia area" is that area extending from the canyon mouth in New Mexico to a point in Colorado about 4 miles downstream from the boundary, being a compact body of irrigated land on either side of Costilla Creek served by decreed direct-flow water rights.

(e) The "Eastdale Reservoir No. 1" is that off-channel reservoir located in Colorado in sections 7, 8, and 18, township 1 north, range 73 west, and sections 12 and 13, township 1 north, range 74 west, of the Costilla Estates Survey, with a nominal capacity of 3,468 acre-feet and a present usable capacity of 2,000 acre-feet.

(f) The "Eastdale Reservoir No. 2" is that off-channel reservoir located in Colorado in sections 3, 4, 9, and 10, township 1 north, range 73 west, of the Costilla Estates Survey, with a nominal capacity of 3,041 acre-feet.

(g) The "Costilla Reservoir" is that channel reservoir, having a nominal capacity of 15,700 acre-feet, located in New Mexico near the headwaters of Costilla Creek. The present usable capacity of the reservoir is 11,000 acre-feet, subject to future adjustment by the State engineer of New Mexico. The condition of Costilla Dam may be such that the State engineer of New Mexico will not permit storage above a determined stage except for short periods of time.

(h) The "Cerro Canal" is that irrigation canal which diverts water from the left bank of Costilla Creek in New Mexico near the southwest corner of Section 12, Township 1 South, Range 73 West, of the Costilla Estates Survey, and runs in a northwesterly direction to the boundary near Boundary Monument No. 140.

(i) The "boundary" is the term used herein to describe the common boundary line between Colorado and New Mexico.

(j) The term "Costilla Reservoir system" means and includes the Costilla Reservoir and the Cerro Canal, the permits for the storage of water in Costilla Reservoir, the 24.52 cubic feet per second of time of direct flow water rights transferred to the Cerro Canal, and the permits for the diversion of direct flow water by the Cerro Canal as adjusted herein to 75.48 cubic feet per second of time.

(k) The term "Costilla Reservoir system safe yield" means that quantity of usable water made available each year by the Costilla Reservoir system. The safe yield represents the most beneficial operation of the Costilla Reservoir system through the use, first, of the total usable portion of the yield of the 24.52 cubic feet per second of time of direct flow rights transferred to the Cerro Canal, second, of the total usable portion of the yield of the direct flow Cerro Canal permits, and, third, of that portion of the water stored in Costilla Reservoir required to complete such safe yield.

(l) The term "usable capacity" is defined and means that capacity of Costilla Reservoir at the stage above which the State engineer of New Mexico will not permit storage except for short periods of time.

(m) The term "temporary storage" is defined and means the water permitted by the State engineer of New Mexico to be stored in Costilla Reservoir for short periods of time above the usable capacity of that reservoir.

(n) The term "additional storage facilities" is defined and means storage capacity which may be provided in either State to impound waters of Costilla Creek and its tributaries in addition to the nominal capacity of Costilla Reservoir and the Costilla Creek complement of the Eastdale Reservoir No. 1 capacity.

(o) The term "duty of water" is defined as the rate in cubic feet per second of time at which water may be diverted at the headgate to irrigate a specified acreage of land during the period of maximum requirement.

(p) The term "surplus water" is defined and means water which cannot be stored in operating reservoirs during the storage sea-

son or water during the irrigation season which cannot be stored in operating reservoirs and which is in excess of the aggregate direct flow rights and permits recognized by this compact.

(q) The term "irrigation season" is defined and means that period of each calendar year from May 16 to September 30, inclusive.

(r) The term "storage season" is defined and means that period of time extending from October 1 of one year to May 15 of the succeeding year, inclusive.

(s) The term "points of interstate delivery" means and includes (1) the Acequia Madre where it crosses the boundary; (2) the Costilla Creek where it crosses the boundary; (3) the Cerro Canal where it reaches the boundary; and (4) any other interstate canals which might be constructed with the approval of the Commission at the point or points where they cross the boundary.

(t) The term "water company" means the San Luis Power & Water Co., a Colorado corporation, or its successor.

(u) The word "commission" means the Costilla Creek Compact Commission created by article VIII of this compact for the administration thereof.

#### Article III

1. To accomplish the purposes of this compact, as set forth in article I, the following adjustments in the operation of irrigation facilities on Costilla Creek, and in the use of water diverted, stored, and regulated thereby, are made:

(a) The quantity of water delivered for use in the two States by direct flow ditches in the Costilla-Garcia area and by the Cerro Canal is based on a duty of water of 1 cubic foot per second of time for each 80 acres, to be applied in the order of priority: *Provided, however*, That this adjustment in each instance is based on the acreage as determined by the court in decreeing the water rights for the Costilla-Garcia area, and in the case of the Cerro Canal such basis shall apply to 8,000 acres of land; and: *Provided further*, That, in order to maintain a usable head, any ditch supplying water for the Costilla-Garcia area in Colorado shall be permitted to divert for beneficial consumptive use not less than 1 cubic foot per second of time under its water right.

(b) There is transferred from certain ditches in the Costilla-Garcia area 24.52 cubic feet per second of time of direct flow water rights, which rights of use are held by the water company or its successors in title, to the headgate of the Cerro Canal. The 24.52 cubic feet of water per second of time hereby transferred represents an evaluation of these rights after adjustment in the duty of water, pursuant to subsection (a) of this article, and includes a reduction thereof to compensate for increased use of direct flow water which otherwise would have been possible under these rights by this transfer.

(c) Except for the rights to store water from Costilla Creek in Eastdale Reservoir No. 1 as hereinafter provided, all diversion and storage rights from Costilla Creek for Eastdale Reservoirs No. 1 and No. 2 are relinquished and the water decreed thereunder is returned to the creek for use in accordance with the plan of integrated operation effectuated by this compact.

(d) The Cerro Canal direct flow permit shall be 75.48 cubic feet per second of time.

(e) There is transferred to and made available for the irrigation of lands in Colorado a portion of the Costilla Reservoir complement of the Costilla Reservoir System Safe Yield in order that the storage of water in that reservoir may be made for the benefit of water users in both Colorado and New Mexico under the provisions of this compact for the allocations of water and the operation of facilities.

2. Each State grants for the benefit of the other and its water users the rights to change

the points of diversion of water from Costilla Creek, to divert water from the stream in one State for use in the other and to store water in one State for the irrigation of lands in the other, insofar as the exercise of such rights may be necessary to effectuate the provisions of this article and to comply with the terms of this compact.

3. The Water Company has consented to and approved the adjustments contained in this article; and such consent and approval shall be evidenced in writing and filed with the Commission.

#### Article IV

The apportionment and allocation of the use of Costilla Creek water shall be as follows:

(a) There is allocated for diversion from the natural flow of Costilla Creek and its tributaries sufficient water for beneficial use on meadow and pasture lands above Costilla Reservoir in New Mexico to the extent and in the manner now prevailing in that area.

(b) There is allocated for diversion from the natural flow of Costilla Creek and its tributaries 13.42 cubic feet of water per second of time for beneficial use on lands in the Amalia Area in New Mexico.

(c) In addition to allocations made in subsections (e), (f), and (g) of this article, there is allocated for diversion from the natural flow of Costilla Creek 51.42 cubic feet of water per second of time for Colorado and 88.28 cubic feet of water per second of time for New Mexico, subject to adjustment as provided in article V (e), and such water shall be delivered for beneficial use in the two States in accordance with the schedules and under the conditions set forth in article V.

(d) There is allocated for diversion from the natural flow of Costilla Creek sufficient water to provide each year 1,000 acre-feet of stored water in Eastdale Reservoir No. 1, such water to be delivered as provided in article V.

(e) There is allocated for diversion to Colorado 26.5 percent and to New Mexico 63.5 percent of the water stored by Costilla Reservoir for release therefrom for irrigation purposes each year, subject to adjustment as provided in article V (e) and such water shall be delivered for beneficial use in the two States on a parity basis in accordance with the provisions of article V. By "parity basis" is meant that neither State shall enjoy a priority of right of use.

(f) There is allocated for beneficial use in each of the States of Colorado and New Mexico one-half of the surplus water, as defined in article II (p), to be delivered as provided in article V.

(g) There is allocated for beneficial use in each of the States of Colorado and New Mexico one-half of any water made available and usable by additional storage facilities which may be constructed in the future.

#### Article V

The operation of the facilities of Costilla Creek and the delivery of water for the irrigation of land in Colorado and New Mexico, in accordance with the allocations made in article IV, shall be as follows:

(a) Diversions of water for use on lands in the Amalia area shall be made as set forth in article IV (b) in the order of decreed priorities in New Mexico and of relative priority dates in the two States, subject to the right of New Mexico to change the points of diversion and places of use of any of such water to other points of diversion and places of use: *Provided, however*, That the rights so transferred shall be limited in each instance to the quantity of water actually consumed on the lands from which the right is transferred.

(b) Deliveries to Colorado of direct flow water below the canyon mouth shall be made by New Mexico in accordance with the following schedule:



## Deliveries of direct flow water to Colorado during irrigation season

Usable discharge of creek at canyon mouth gaging station (c. f. s.) (1)	Incremental allocations to Colorado (c. f. s.) (2A) (2B)	Point of interstate delivery (3)	Cumulative allocations to Colorado (c. f. s.) (4)	Remarks (5)
25.00	6.55	Acequia Madre		When the usable discharge of the creek is less than 25.00 c. f. s., deliver to Colorado 26.20 percent of usable discharge adjusted for transmission losses.
	2.53	Cerro Canal	9.08	When the usable discharge of the creek is less than 25.00 c. f. s., deliver to Colorado 10.13 percent of usable discharge adjusted for transmission losses.
36.88	.38	Acequia Madre		When the usable discharge of the creek is in excess of 25.38 c. f. s. and less than 36.88 c. f. s., deliver to Colorado 3.26 percent of usable discharge adjusted for transmission losses.
	4.04	Cerro Canal	13.50	When the usable discharge of the creek is in excess of 25.38 c. f. s. and less than 36.88 c. f. s., deliver to Colorado 35.11 percent of usable discharge adjusted for transmission losses.
38.62	1.00	Creek	14.50	When the usable discharge of the creek is in excess of 37.62 c. f. s. and less than 38.62 c. f. s., deliver to Colorado all of usable discharge adjusted for transmission losses.
44.91	2.24	Cerro Canal	16.74	When the usable discharge of the creek is in excess of 38.62 c. f. s. and less than 44.76 c. f. s., deliver to Colorado 36.5 percent of usable discharge adjusted for transmission losses.
50.91	6.00	Creek	22.74	When the usable discharge of the creek is in excess of 44.91 c. f. s. and less than 50.91 c. f. s., deliver to Colorado all of usable discharge adjusted for transmission losses.
56.48	.13	Cerro Canal	22.87	When the usable discharge of the creek is in excess of 55.35 c. f. s. and less than 56.48 c. f. s., deliver to Colorado 11.18 percent of usable discharge adjusted for transmission losses.
61.48	1.00	Creek	23.87	When the usable discharge of the creek is in excess of 60.48 c. f. s. and less than 61.48 c. f. s., deliver to Colorado all of usable discharge adjusted for transmission losses.
64.22				At usable creek discharge of 64.22 c. f. s. the Cerro Canal direct flow permit becomes operative after 1,000 acre-feet has been stored in Eastdale Reservoir No. 1.
139.70	27.55	Cerro Canal	51.42	When the usable discharge of the creek is in excess of 64.22 c. f. s. and less than 139.70 c. f. s., deliver to Colorado 36.5 percent of usable discharge adjusted for transmission losses.

The actual discharges of Costilla Creek at the canyon mouth gaging station at which the various blocks of direct flow water become effective shall equal the flows set forth in column (1) increased by the transmission losses necessary to deliver those flows to the headgates of the respective direct flow ditches.

The delivery of ditch water at the boundary shall equal the allocation set forth in column (2a) reduced by the transmission losses between the headgate of the ditch and the point where the ditch crosses the boundary. The allocations to be delivered to Colorado through the Cerro Canal represent in each and all cases 36.5 percent of those blocks of direct flow water of the Costilla Reservoir system which are subject to adjustment as provided in subsection (c) of this article.

The delivery of water in the creek at the boundary shall equal the allocation set forth in column (2b) increased by the transmission losses between the boundary and the headgate of the Colorado ditch which is to receive the water.

The above table is compiled on the basis of the delivery to Colorado at the boundary of 36.5 percent of all direct flow water of the Costilla Reservoir system diverted by the Cerro Canal and the delivery at the boundary of all other direct flow water allocated to Colorado, in the order of priority, all such deliveries to be adjusted for transmission losses. In the event of change in the usable capacity of the Costilla Reservoir, Colorado's share of Cerro Canal diversions, to be delivered at the boundary and adjusted for transmission losses, shall be determined by the percentages set forth in column (4) of the table which appears in subsection (c) of this article.

(c) During the storage season, no water shall be diverted under direct flow rights unless there is water in excess of the demand of all operating reservoirs for water from Costilla Creek for storage.

(d) In order to assure the most efficient utilization of the available water supply, the filling of Eastdale Reservoir No. 1 from Costilla Creek shall be commenced as early in the spring as possible and shall be completed as soon thereafter as possible. The Cerro Canal or any other ditch which may be provided for that purpose shall be used, insofar as practicable, to convey the water from the canyon mouth to Eastdale Reservoir No. 1. During any season when the Commission determines that there will be no surplus water, any diversions, waste, or spill from any canal or canals supplying Eastdale Reservoir No. 1 will be charged to the quantity of water diverted for delivery to said reservoir.

The Commission shall estimate each year the safe yield of Costilla Reservoir system and its component parts as far in advance of the irrigation season as possible, and shall review and revise such estimates from time to time as may be necessary.

In the event the usable capacity of the Costilla Reservoir changes, the average safe yield and the equitable division thereof between the States shall be determined in accordance with the following table:

Usable capacity of Costilla Reservoir (1)	Average annual safe yield (acre-feet) (2)	Division of safe yield			
		Colorado		New Mexico	
		Acre-feet (3)	Per cent (4)	Acre-feet (5)	Per cent (6)
0	1,800	1,510	83.9	290	16.1
1,000	3,400	2,000	58.8	1,400	41.2
2,000	4,900	2,450	50.0	2,450	50.0
3,000	6,400	2,910	45.5	3,490	54.5
4,000	7,900	3,370	42.7	4,530	57.3
5,000	9,300	3,800	40.9	5,500	59.1
6,000	10,700	4,220	39.4	6,480	60.6
7,000	12,000	4,620	38.5	7,380	61.5
8,000	13,200	4,990	37.8	8,210	62.2
9,000	14,300	5,320	37.2	8,980	62.8
10,000	15,200	5,600	36.8	9,600	63.2
11,000	16,000	5,840	36.5	10,160	63.5
12,000	16,600	6,020	36.3	10,580	63.7
13,000	17,000	6,140	36.1	10,860	63.9
14,000	17,400	6,270	36.0	11,130	64.0
15,000	17,700	6,360	35.9	11,340	64.1
15,700	17,900	6,420	35.9	11,480	64.1

Intermediate quantities shall be computed by proportionate parts.

In the event of change in the usable capacity of the Costilla Reservoir, the Costilla Reservoir complement of the Costilla Reservoir system safe yield shall be divided between Colorado and New Mexico in accordance with the percentages given in columns 4 and 6, respectively, of the above table.

Each State may draw from the reservoir in accordance with the allocations made herein, up to its proportion of the Costilla Reservoir complement of the Costilla Reservoir system same yield and its proportion of temporary storage and no more. Colorado may call for the delivery of its share thereof at any of the specified points of interstate delivery.

Deliveries of water from Costilla Reservoir to the canyon mouth shall be adjusted for transmission losses, if any, between the two points. Deliveries to Colorado at the boundary shall be further adjusted for transmission losses from the canyon mouth to the respective points of interstate delivery.

Water stored in Costilla Reservoir and not released during the current season shall not be held over to the credit of either State but shall be apportioned when the safe yield is subsequently determined.

(f) The Colorado apportionment of surplus water, as allocated in article IV (f), shall be delivered by New Mexico at such points of interstate delivery and in the respective quantities, subject to transmission losses, requested by the Colorado member of the Commission.

(g) In the event that additional water becomes usable by the construction of additional storage facilities, such water shall be made available to each State in accordance with rules and regulations to be prescribed by the Commission.

(h) When it appears to the Commission that any part of the water allocated to one State for use in a particular year will not be used by that State, the Commission may permit its use by the other State during that year, provided that a permanent right to the use of such water shall not thereby be established.

## Article VI

The desirability of consolidating various of the direct flow ditches serving the Costilla-Garcia area, which are now or which would become interstate in character by consolidation, and diverting the water available to such ditches through a common headgate is recognized. Should the owners of any of such ditches, or a combination of them, desire to effectuate a consolidation and provide for a common headgate diversion, application therefor shall be made to the Commission which, after review of the plans submitted, may grant permission to make such consolidation.

## Article VII

The Commission shall cause to be maintained and operated a stream-gaging station, equipped with an automatic water-stage recorder (at each of the following points, to-wit:

(a) On Costilla Creek immediately below Costilla Reservoir.

(b) On Costilla Creek at or near the Canyon Mouth above the headgate of Cerro Canal and below the Amalia area.

(c) On Costilla Creek at or near the boundary.

(d) On the Cerro Canal immediately below its headgate.

(e) On the Cerro Canal at or near the boundary.

(f) On the intake from Costilla Creek to the Eastdale Reservoir No. 1, immediately above the point where the intake discharges into the reservoir.

(g) On the Acequia Madre immediately below its headgate.

(h) On the Acequia Madre at the boundary.

(1) Similar gaging stations shall be maintained and operated at such other points as may be necessary in the discretion of the Commission for the securing of records required for the carrying out of the provisions of the compact.

Such gaging stations shall be equipped, maintained, and operated by the Commission directly or in cooperation with an appropriate Federal or State agency, and the equipment, method, and frequency of measurement at such stations shall be such as to produce reliable records at all times.

#### Article VIII

The two States shall administer this compact through the official in each State who is now or may hereafter be charged with the duty of administering the public water supplies, and such officials shall constitute the Costilla Creek Compact Commission. In addition to the powers and duties hereinbefore specifically conferred upon such Commission, the Commission shall collect and correlate factual data and maintain records having a bearing upon the administration of this compact. In connection therewith, the Commission may employ such engineering and other assistance as may be reasonably necessary within the limits of funds provided for that purpose by the States. The Commission may, by unanimous action, adopt rules and regulations consistent with the provisions of this compact to govern its proceedings. The salaries and expenses of the members of the Commission shall be paid by their respective States. Other expenses incident to the administration of the compact, including the employment of engineering or other assistance and the establishment and maintenance of compact gaging stations, not borne by the United States shall be assumed equally by the two States and paid directly to the Commission upon vouchers submitted for that purpose.

The United States Geological Survey, or whatever Federal agency may succeed to the functions and duties of that agency, shall collaborate with the Commission in the correlation and publication of water facts necessary for the proper administration of this compact.

#### Article IX

This compact shall become operative when ratified by the legislatures of each of the signatory States and consented to by the Congress of the United States.

In witness whereof, the Commissioners have signed this compact in triplicate original, one copy of which shall be deposited in the archives of the Department of State of the United States of America, and one copy of which shall be forwarded to the Governor of each of the signatory States.

Done in the city of Santa Fe, N. Mex., on the 30th day of September, in the year of our Lord, 1944.

(Signed) CLIFFORD H. STONE,  
Commissioner for Colorado.

(Signed) THOMAS M. MCCLURE,  
Commissioner for New Mexico.

Sec. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendments:

Page 15, line 4, at the beginning of the line insert "(e)."

Page 20, at the end of section 2, insert the following: "Neither this act nor the compact hereby ratified shall be construed as amending, modifying, or affecting in any way the obligations of any of the parties to the Rio Grande Compact, dated March 18, 1938, approved by the Congress by the act of May 31, 1939 (53 Stat. 785)."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### DIRECTOR OF SELECTIVE SERVICE

The Clerk called the bill (H. R. 6035) to provide that there shall be no liability for acts done or omitted in accordance with regulations of the Director of Selective Service, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. HOOK and Mr. DE LACY objected.

#### CLAIMS OF THE UTE INDIANS

The Clerk called the bill (H. R. 4567) to amend the act entitled "An act conferring jurisdiction upon the United States Court of Claims to hear, examine, adjudicate, and render judgment on any and all claims which the Ute Indians, or any tribe, or band thereof, may have against the United States, and for other purposes," approved June 28, 1938.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That section 8 of the act of June 28, 1938 (52 Stat. 1209, 1211), entitled "An act conferring jurisdiction upon the United States Court of Claims to hear, examine, adjudicate, and render judgment on any and all claims which the Ute Indians, or any tribe, or band thereof, may have against the United States, and for other purposes", approved June 28, 1938, be, and the same hereby is, amended so as to read in full as follows:

"Upon the final determination of any suit, cause, or action instituted hereunder, whether by judgment, compromise, or otherwise, the Court of Claims, in the event of success by any plaintiff, or in the event any claim asserted by any of said bands of Indians shall be compromised or settled without the institution of any suit hereunder, the Secretary of the Interior shall decree that there shall be paid to the attorney or attorneys employed therein by said plaintiff under contracts negotiated or entered into as provided by existing law, such fees as, based upon a quantum meruit, it or he shall find reasonable. In no case shall the fees decreed by said Court of Claims and/or by the Secretary of the Interior be in excess of the amount stipulated in the contracts approved by the Commissioner of Indian Affairs and the Secretary of the Interior, and in no event to exceed 10 percent of the amount of the recovery, and shall be paid upon money being appropriated for the benefit of any bands of Ute Indians pursuant to any judgment or settlement hereunder whether distributable thereto or not. In determining the amount of fees payable to the attorney or attorneys the Court of Claims, or the Secretary of the Interior, as the case may be, shall consider all services rendered by such attorney or attorneys, including services rendered before the Members and committees of Congress, any department or commission of the Government, and the courts. The actual expenses of said attorney or attorneys heretofore or hereafter incurred or expended in prosecuting any suit, cause, or action instituted under this act shall be paid as provided in the contracts approved by the Secretary of the Interior under which such suit, cause, or action is instituted and the tribal funds of the Ute Indians represented in such suit, cause, or action are hereby made available for expenditure for that purpose."

The bill was ordered to be engrossed and read a third time, was read the

third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER. That concludes the call of the eligible bills on the Consent Calendar.

#### THE BRITISH LOAN

Mr. GAVIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GAVIN. Mr. Speaker, the new British budget, in my opinion, sheds a great deal of light on the question of whether the American Congress should ratify the proposed British loan. Great Britain asks our aid in what she feels is a financial crisis. What steps is she herself taking to meet that crisis?

Before going into details, I should like to make some general observations about this proposed first major American venture into peacetime international finance.

One of the main stumbling blocks to the loan has been widespread lack of sympathy in this Nation with the socialistic commitments of the new ruling party in England, together with an anxiety lest the determination to overthrow capitalism in England carry with it an intention to seek its undermining in our own Nation.

This apprehension is widespread. It has not been wholly satisfied. Even if it were true, as is sometimes represented, that Great Britain had promised to make major trade concessions to us, and not as the agreement stipulates, merely to discuss them some time in the future, many Americans would still object to turning their money over to a foreign government for a social and economic experiment in which they do not believe.

This uneasiness accounts for the difference of American reaction to England's problems and those of our neighbor, Canada. As is well known, Canada has been able to attract substantially the same amount of American capital as England seeks, and do it without fanfare through the simple means of selling her bonds to American investors.

In the early discussions of the British loan there were not lacking those who charged directly that the purpose of the loan was to finance British socialism—specifically, to pay the costs of buying up and nationalizing industries held in private hands.

These charges were denied categorically by the White House. It was asserted that the money was for Britain's exterior needs, not those of her internal economy.

But what has never been satisfactorily answered is the statement that, while it may be true that the American dollars would not themselves be used for buying up underlying industrial and banking securities, nevertheless the loan would free other British governmental funds, so that the indirect effect was precisely that which had been charged the subsidizing by America of British socialization.



Instead of attempting to answer this argument, which in fact may not be answerable, it has been my observation that protagonists of the loan retreat to a new line of defense, in which they assert that it is none of our business what type of government or economy the Britons adopt.

And it has been my further observation that those who advocated this hands-off policy toward Great Britain were precisely those who in the past termed such views, applied to other nations, by such unpleasant names as "isolationism."

One does not need to be an internationalist, with all the word now implies, to know that the internal economy of foreign lands may greatly affect our own. Germany's did, for example; and Italy's; and Russia's political and economic concepts are affecting the whole world today.

In England's case we have a special interest; she is asking our money. We have the natural concern of all those whose loans are solicited. We want to know what the money is to be used for, and what the prospects are of its being repaid.

Such an interest holds even if the consideration of the loan is to be transferred from the field of businesslike financing to that of sentiment. The loan is described as a gesture of friendship. But there is no surer booby trap for friendship than a loan which is not going to be repaid. As Shakespeare said:

Neither a borrower nor a lender be, for a loan oft loses both itself and friend; and borrowing dulls the edge of husbandry.

The proposed loan comes to Congress as a definite plan, with conditions and stipulations set forth in detail over responsible signatures. What we have before us is not the broad question of whether to extend aid or withhold it, but the narrow problem of whether it is to be granted under the terms and arrangements of the present agreement. Various alternative plans have been advanced. Any of them, of course, become available in the event the present proposals are rejected.

Although I observe that many British citizens are reported to consider the terms harsh and exacting, for myself I consider them lax and unbusinesslike. The interest rate is substantially less than our own Government has been paying on its own borrowings. There are elaborate provisions for waiving the interest. So far as concerns the present Government in Britain, which is the one that will likely spend the money, it is highly improbable that they will pay 1 cent in debt charges, either as interest or repayment of principal.

As a business proposition, no one will assert that there is anything in the record of the British Government's handling of American loans in the past 25 years which justifies such optimistic provisions as these.

Far from being harsh, these terms are generous to the point of recklessness. The amount involved is approximately \$30 from the possessions of every man, woman, and child in America. This is to be turned over to a foreign govern-

ment in a midst of experiments which have failed everywhere else they have been tried.

On a per capita basis, my own State of Pennsylvania would contribute \$300,000,000 of the loan. That is a sum which considerably exceeds the tax cost of running our State government each year. Actually, as an industrial State, Pennsylvania would have to carry a much larger share than I have indicated.

On the other hand, large as it is, I am not criticizing the loan merely on the basis of its size. Our Federal Government wastes more, in a matter of weeks, than the sum supposed to put England's books in order for 50 years. In the single item of Federal jobs, if we are to accept the figures of experts from the Democratic side of the United States Senate, our Government could save more than the entire suggested loan by merely dropping needless job holders for a single year.

But it has not been hinted that our Government will raise the money by economy in its own operations. There are only two sources under contemplation—one, to "borrow it from ourselves" and thereby add it to the mountain of debt which we are accumulating as our principal bequest to future generations; or, by simply printing the money on the backing of these innumerable evidences of debt.

Under either alternative, if the loan is granted, and, as with others, never repaid, then it will have to be absorbed by American citizens, either directly through their taxes or indirectly through further currency inflation.

The key to our decision on these questions is to be sought in the British budget. What plans are being made to handle Britain's own share of her financial problems?

Let me confess that I had assumed the British Government would make the same realistic adjustments which I would expect of an individual who came asking the loan of a sum large enough to be embarrassing to lose.

I would expect such a person to demonstrate that he was putting his own affairs in order; that he was curing the ills which led to the debt; that he was preparing to live within his means; that he was drawing upon his other resources as well as my own generosity; and that by retrenchment and prudence he was assuring me of his good faith in promising to repay my loan.

It came to me rather as a shock to find no such reassurance in the British budget. The financial program it pictures is bizarre and unrealistic to American standards, as that painted by correspondents, of its being read by the Chancellor between sips of rum and milk from a silver coffee pot.

Translated into dollars, the budget provides for spending approximately \$15,650,000,000, against tax revenues of \$12,650,000,000. This is a deficit of \$3,000,000,000. It calls for spending approximately 25 percent more than is received.

The one deficit, you will note, would consume the major part of the \$3,750,000,000 loan we are discussing as a 55-year arrangement.

It will be argued that the budget is emergency in nature and involves large one-time expenditures which will disappear from future budgets; perhaps the budget is in balance in other respects.

The British Chancellor himself disposed of this argument for us. In a special calculation, he carefully eliminated all nonrecurring items from both expenditures and receipts. He found that the budget was still in the red by upwards of 10 percent.

Such figures confirm the first impression—that the Labor Party government of Great Britain is committed to living beyond its means. Whether by 10 percent or 25 percent is immaterial. Either rate would mean that long before time for the first interest to be paid on the loan, the principal would have been eaten up by internal deficits. Exactly the same arguments which are being heard today would again be in order to justify further dipping into Uncle Sam's pockets.

Under such a program, it is idle to speak of loans; the proper word is subsidies.

We have heard much of the belt-tightening supposedly going on in England. Let us ask another question about the budget: Do its revenues call for a maximum contribution by the British people toward the support of their own Government?

The answer is no. It will be a further affront to the American sense of right and wrong to learn that the British Labor Party has picked this occasion to pay some of its political debts by reducing the so-called unpopular taxes.

Half a million persons—those very ones to whom the Labor Party has promised the most costly benefits from the Government—are to be excused from paying income taxes. A selected list of articles of special interest to these principal beneficiaries of British socialism is to be eliminated from the sales tax. Other sales taxes are reduced as much as two-thirds.

What this means, of course, is that as the British Government proceeds with its drive against the institution of capitalism, capitalism still is called upon to pay a larger share of the taxes. British free enterprise is to be required to finance such of the costs of its own execution as do not come from America. In simple language British free enterprise is compelled to furnish the money to sharpen the razor to cut its own throat.

Could England have balanced her budget?

I do not believe anyone will dispute it who carefully examines the figures. It seems obvious that a little more economy on the one hand, and on the other a little more insistence that all, not merely some, of the British people support the costs, would have made ends meet.

Remember that American generosity already has freed the British people from most of that most onerous budget problem, debt funding. We have relieved them of the need for interest and principal of our past loans, and, for the life of the present Government, of future ones as well.

Should the budget have been balanced?

I do not see how it can be argued otherwise. It appears to me that any government which calls upon another—not in the military crisis of war but in peacetime—for substantial financial help ought to show the most earnest proof of an intention to live within means. It ought jealously to husband its own resources, as the best assurance of grateful good faith and a sincere intention to repay.

What does the British Government propose to do with the money it does not have but plans to spend?

That, of course, brings up the delicate questions, first, of the objectives of the labor administration, and, second, how it came about that Britain never paid her debts of the First World War.

I could ask no better source for the answer than a handbook published some months ago by the British Information Services, an agency of the British Government, entitled "Britain's Future in the Making."

During the time when unpaid interest was raising the total of her debt to the United States, what was England doing with her money?

Let me read you the answer from this official booklet:

In the years between the two world wars . . . one-third of the people were rehoused, improved health added 9 years to human-life expectancy, schools were free to every child, and 9 out of 10 of the working population were insured against sickness and unemployment.

In themselves these objectives may be splendid, but does not the chain of circumstances make it clear that American taxpayers paid for them?

Now our Government asks us to call upon those taxpayers again for what it calls a loan—a vast extension of credit under little restriction as to use and no assurance of its return.

What does the British Government plan to do with its expenditures? Again we have a glimpse of its projects from the same booklet. Let me read the following:

Britain has found time to introduce measures to insure everyone against the financial hardships of all major risks of life; sickness, unemployment, accident disability, maternity, and old age. The government plan, based on the Beveridge report, covers everyone without exception; rich and poor, employers and employees, men and women and children, the young and the old. . . .

The plan is a radical—

The word is theirs, but most of us will agree—

a radical extension of Britain's progressive and long-established social-insurance system—

And the booklet adds that it will be—put into effect with the least possible delay after the war.

Now, I have no quarrel with any of these plans as social objectives, but I do question the morality of one nation expecting another to pay for them.

I cannot quite see the rightness of asking my constituents and yours to dig into their pockets to make up deficits in a British budget which, in the words I just read, undertakes to insure "everyone against the financial hardships of all major risks of life."

Let me make myself clear. Up to its ability to do so, I would applaud any society which extends its sheltering arm to those it considers underprivileged.

But only folly carries such a program beyond the ability of the whole people to finance it.

Therein lies the great fallacy of the communistic and socialistic doctrines. Under them, between the exaggerated extent of government aid and the overhead of the bureaucratic system invariably used to administer it, any conceivable national economy is crushed.

Forces profoundly disturbing to all the world are thus released. England calls upon America to feed the kitty for her new experiments. Similarly, when Hitler promised more than the internal resources of Germany could supply, he was driven to seek other resources outside her borders and thereby precipitated the Second World War. The aggressions of Italy had a similar economic drive rising from precisely the same causes.

In the case of Russia, long ago that nation found itself forced to rely on the exploitation of a slave population, in which ill-fated political prisoners played a large part. The number has been estimated at more than 20,000,000. Yet this exploitation of a tenth of the population has been unable to meet the mounting costs of top-heavy communistic economy, and Russia, as in the other instances, is driven to seeking to seize from her neighbors the wherewithal to feed the insatiable economic fires she has lighted.

Behind the extravagant objectives to which the Labor Party in England has dedicated itself lies a shift in the political balance of power in that nation. Control has transferred from where it used to lie—and still does in the United States—in a partnership between labor and capital and has fallen into the hands of those who feel no direct interest in the financial stability of their nation's economy.

The British movement started in the old, hackneyed share-the-wealth basis; but England's wealth has been shared so long that it has virtually ceased to exist. Now the wealth which the Labor Party proposes to share, through the medium of loans such as that being discussed, is American wealth.

Grandiose schemes of extravagance are blinding the British people to financial realities.

Once again the government plans to rebuild British houses—four and a half million of them—they plan to pay the doctors' bills for all the nation's citizens, rich and poor alike. All financial hardships are to be insured against.

Amid all this, the only sound main-spring for national solvency and prosperity, that of the profit incentive of free enterprise, is to be liquidated by the nationalizing of banking and basic industries.

Under such circumstances, I am driven to the conclusion that the worst thing which could happen would be for Congress to ratify the British loan in its present form. Not the worst for us perhaps; for after all the money is only a drop in the bucket to what we already owe.

But worst from the point of view of the British people themselves.

Granting the loan would merely stave off the day of reckoning when the British must face the facts of economic life, when they learn that nations, like individuals, cannot take out more than they put in; that to acquire, one must earn; to have, one must save.

Granting the loan would merely delude the British people into thinking something is working which never will—the economic fallacies to which their government is committed. It would blind them to the fact that plans upon which they are embarking are beyond the capacity of any economic structure, no matter how prosperous, to support.

England nearly died as a nation as a result of her appeasement of the German dictator. Her people were too fascinated by their so-called social gains to wish to be realistic about the rest of Europe. Only when England swung over to the blood, sweat, toil, and tears of Winston Churchill did she regain the path to national unity, integrity, and victory.

Now again the British people are trying appeasement—a new form of it: Appeasement of the laws of economics.

They are trying to spend themselves rich.

I oppose the extension of American aid in trying to balance any such budget as that submitted by the British Government.

As for the British people themselves, I deplore their privations and I sympathize with their hardships; but before they can be helped from outside they must first be willing to help themselves; they must face their finances with courage and realism. They must put their own house in order.

When the day comes that the British people are of a mind to apply to peace the same belated philosophy that won them the war, then they may become a good international risk for American dollars; then a loan to them may indeed be a loan in fact as well as in name.

But pending that day, such a loan is purely a gift—and a gift spectacularly ill-advised both from their point of view and ours.

#### EXTENSION OF REMARKS

Mr. RABAUT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article which appeared in the Washington Times-Herald on May 4. This article contains excerpts from a recent speech by the well-known clergyman and educator, the Reverend Wilfred Parsons, S. J.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. McCORMACK (at the request of Mr. KELLEY of Pennsylvania) was given permission to extend his remarks in the RECORD and include the text of the famine statement issued by the administrative board of the National Catholic Welfare Conference.

Mr. SABATH asked and was given permission to revise and extend his remarks and include two letters he re-



ceived and his answer thereto on the coal strike and the activities of Mr. Lewis.

Mr. WOODRUFF (at the request of Mr. MICHENER) was given permission to extend his remarks in the RECORD in two instances and in one to include a newspaper article by Samuel Crowther and in the other an article by Fred Brenckman appearing in the Grange Monthly.

#### CONSENT CALENDAR

Mr. BROOKS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BROOKS. Mr. Speaker, would it be in order to ask unanimous consent for the immediate consideration of the bill H. R. 2325, which is No. 419 on the Consent Calendar that was called today?

The SPEAKER. The Chair announced some time ago that since those known as the objectors had examined only the eligible bills on the Consent Calendar the Chair would not recognize Members to take up the remaining bills, unless they involved emergencies.

#### EXTENSION OF REMARKS

Mr. HOFFMAN asked and was given permission to extend his remarks in the RECORD on two subjects.

The SPEAKER. Under previous order of the House, the gentleman from Wisconsin [Mr. WASIELEWSKI] is recognized for 15 minutes.

#### MILWAUKEE AIR TRANSPORTATION

Mr. WASIELEWSKI. Mr. Speaker, in March of last year the Civil Aeronautics Board, through its examiner, F. Merritt Ruhlen, held extensive hearings on the so-called North Central case, covering air travel facilities in the various cities of the Northwest and Middle West.

Several of the air lines proposed routes to and through Milwaukee to augment the present inadequate and insufficient service now enjoyed by that metropolitan area. The proposed routes were: United Air Lines would give Milwaukee through fast service to San Francisco in the West and to Philadelphia, New York, and Boston in the East, merely by running a switch-off from the main line through Chicago. A westbound flight, for instance, would leave the main line at Toledo, stop at Milwaukee, and rejoin the main line at Moline, Ill., adding only 50 miles to the distance, a minor matter for high-speed planes.

The American Airlines would extend its lines from Chicago to Milwaukee, giving Milwaukee direct flight to St. Louis, Tulsa, Dallas, Fort Worth, and Mexico City; Los Angeles, and the Southwest; Indianapolis, Cincinnati, Washington, Philadelphia, New York, and Boston.

Chicago and Southern Air Lines would extend its route from Chicago to Milwaukee and the Twin Cities, giving this area one carrier service to St. Louis, Memphis, and New Orleans.

The Eastern Air Lines also would extend its route from Chicago, to Milwaukee and the Twin Cities, giving this area one carrier route to Indianapolis, Nashville, Atlanta, Jacksonville, and Miami.

Mid-Continent Airlines would move east into Chicago, Milwaukee, northern Illinois, and Wisconsin to set up an

elaborate system mainly for local service, giving Milwaukee direct service to Des Moines, there connecting with Kansas City and the South.

Pennsylvania-Central Airlines would extend its Milwaukee-Detroit route to the Twin Cities to give the latter an outlet to PCA territory. As far as Milwaukee is concerned this would merely duplicate service already given by the Northwest Airlines to the Twin Cities.

On these proposals the examiner made the following recommendations: He turned down the proposed American Airlines, United Air Lines, Eastern and Southern proposals because of Chicago's accessibility by fast railroad transportation, although it is not so fast when one takes into account the 75 or 90 minutes for train travel added to the extra hours of getting out to the Chicago airport and waiting for connections. It takes longer to travel from Milwaukee to the Chicago airport by rail and limousine than to fly from Chicago to Washington.

The examiner gave Mid-Continent Airlines even more than it asked in a complex of local routes tying up the Twin Cities, Duluth, Marquette, Mich., Milwaukee, Chicago, and the communities in between. He took the position that Mid-Continent should be Milwaukee's outlet to the Southwest. He also emphasized that service to Milwaukee from the west was to be a "part of a local route serving the small cities in the area." He proposed that Mid-Continent provide a local route between Milwaukee and Chicago, the last thing that Milwaukee apparently needs with all the surface transportation he spoke about. It must be remembered, too, that the local routes do not go to American Airlines, Chicago and Southern, or Eastern, or any of which could carry Milwaukee passengers through to major cities to which it has no aerial access, or to United Air Lines which could tie up with at least one carrier service coast-to-coast, but to Mid-Continent Airlines whose officials themselves say this expansion will have to be gradual because it will mean expensive installations in all cities. According to the figures submitted by Mid-Continent it would have to spend nearly \$1,500,000, \$1,200,000 of which would go for planes to furnish the service it asks.

On the other hand, United Air Lines would have to invest only \$40,000 in ground equipment in Milwaukee to take care of the switch-off on the transcontinental route. American, Eastern, and Chicago and Southern figure its cost would be about \$27,000 each for the Milwaukee segment.

The examiner gave Milwaukee something else—he gave Milwaukee a route to the Twin Cities, again something Milwaukee did not need, in an extension of PCA's Milwaukee-Detroit route, although he indicated that the CAB's 1940-41 "test" months did not indicate sufficient potential traffic over the thinly traveled Milwaukee-Twin Cities route to support two carriers, saying it could only be justified by the through service which could be provided to the Twin Cities. This reasoning was applied to a 300-mile extension for PCA. Milwaukee, the pres-

ent PCA gateway to the Northwest, seized the validity of this move to expedite service through PCA territory but Milwaukee cannot understand why this industrial and commercial area, the tenth most important city in the Nation, should be denied an 82-mile extension to provide through service to the South, or a 50-mile-longer switch-off to provide through service to San Francisco and Los Angeles.

The examiner makes another interesting point in arguing against giving American Airlines the Twin Cities route through Chicago when he says that Chicago is now serviced by eight air lines and "will be one of the most heavily congested air stations in the country after the war," and makes the further observation, "also to be considered is the fact that the Chicago airport is frequently closed down for weather when flying operations in the Twin Cities are possible." So he recommends that the PCA Twin Cities leg go through Milwaukee and not Chicago. Certainly, the last argument given by the examiner would appear a reason why United Airlines should be allowed to run some of its flights through Milwaukee, not only to give this area the service it needs and deserves, but to take some of the load off Chicago. Such a move would help and not hurt Chicago and would tap a new traffic source.

Milwaukee in this air age should be considered a coterminal of Chicago and not a substation. They are hardly a half hour apart by air, making them closer than most cities and their suburbs are by ground travel. With adequate service generating the full potential traffic many south-bound flights could be started from Milwaukee and bypass the bottleneck in the Chicago terminal. All this could be accomplished by merely adding an extremely short segment to the present routes.

Contrast the examiner's liberality toward Minneapolis and St. Paul which certainly are no more important industrially or commercially than Milwaukee. Besides the PCA extension, the Twin Cities are given through service to the West in the recommendation that Western-Inland Airlines' application for a Twin City-Denver route be approved. This is an extension of 711 miles, compared to the 50 extra miles to give Milwaukee Service to Denver and San Francisco, or the 82 extra miles to give Milwaukee service to the South. The Twin Cities already have two carrier services to the West via Omaha and so are no worse off than Milwaukee, but the examiner somehow seemed to be impressed by Western-Inland's argument that the new route would obviate the necessity of using the Omaha gateway for most of the traffic between Minnesota and California, that is, by adding another gateway at Sioux City, Iowa, by the proposed route. The city of Milwaukee believes this reasoning applies with much more validity and force than to routes which would bypass the congested Chicago gateway.

The principal weight of the examiner's argument against giving Milwaukee additional through service is based on the hotel count. He does not think enough people register in Milwaukee hotels from

the cities on the proposed routes. The hotel counts certainly do not indicate the travel habits of Milwaukeeans themselves, but merely indicate the in-bound and not the out-bound flow. It does not show the number of hotel registrants who commute to Milwaukee for a day's business. The CAB test months of September 1940 and March of 1941 are not fair tests of Milwaukee's use of air travel. Only two flights between Milwaukee and Chicago were convenient for air travelers returning from or going on trips on connecting lines. One flight leaving Chicago at 9.30 p. m. could pick up Milwaukee-bound passengers. Another leaving Milwaukee at 11 a. m. could pick up travelers for destined points beyond Chicago. All other flights were late at night or early in the morning. Thus it is much more convenient for travelers to take the train and get passage in Chicago. The Twin Cities-Chicago route was mainly for the benefit of those communities. The service to Milwaukee was purely coincidental and not designed to encourage air travel in those years.

At present Milwaukee air service consists of through service into the Twin Cities and Seattle and Portland in the Northwest, via Northwest Airlines; to New York, via Northwest Airlines and PCA; and to Cleveland, Pittsburgh, and Washington, via FCA. Thus, the tenth most important city in the United States is but a two railway and two airline town. This service is ridiculously inadequate when one takes into account that of the 15 largest cities in the eastern half of the United States, Milwaukee ranks eleventh in metropolitan population, tenth in retail sales by county, twelfth in wholesale sales, tenth in value of manufactured products, ninth in value added by manufacturers, eleventh in income-tax returns, tenth in persons employed, tenth in hotel receipts, and tenth in effective buying income. Yet in view of Milwaukee's high rank in the commercial manufacturing and industrial field it ranks forty-ninth in air passengers and sixty-first in air-passenger miles. In scheduled air service in October of 1943, Milwaukee was in seventy-sixth place and tied with Corpus Christi, Tex.

It is hardly fair to say Milwaukee lacks air-mindedness as some might imply. Milwaukee has begun an airport program which will eventually cost \$15,000,000 and at this moment plans are made and land acquired to double the size of the present airport. The present airport already is as large as LaGuardia Field. The city has constructed a lake-front landing strip right off the downtown district which has facilities for small aircraft, amphibious planes, and shuttle service to the main airport.

Milwaukee's major industries have branches all over the United States and some have international connections. The time of their many executives is valuable. They wish to and must fly in order to meet competition.

Take the use of air express as an indicator. Though only a portion of these shipments go direct from Milwaukee by air, this city ranks seventh as a generator of air express among the 10 largest metropolitan districts in the middle Atlantic

and east north-central regions. More direct air service should stimulate air express all the more. This demonstrates at least that when a service is convenient, Milwaukeeans use it.

Milwaukee further requests a reconsideration of the examiner's rejection of the application of the Mid-West Airways for local service from Milwaukee to Chicago through various eastern Wisconsin cities to Marquette, Mich., in the Upper Peninsula. The examiner agreed that Mid-West was ready and able to perform such a service but turned it down because the Duluth-Minneapolis local route was not also proposed. He gave these routes to Mid-Continent. Mid-West has now amended its application to provide this service the examiner favored. Certainly Mid-West, located in Milwaukee and operating charter flights in Wisconsin, is better equipped by experience and other factors to give the local service Milwaukee and Wisconsin should have.

Although Milwaukee is willing and able to take on all the air service it can get, it does not and did not expect the examiner to recommend the granting of all the applications. However, it has every reason to expect a through route to the West such as United Airlines would so easily provide, and at least one route through Chicago to the South.

Of the other applications, American Airlines seemed to be the most eager to serve Milwaukee, whereas Mid-Continent was inclined to regard Milwaukee merely as a hub in its pattern of local flights.

Because of its geographical position, Milwaukee has not enjoyed a very fortunate position as far as its surface communications are concerned and as a result its growth was stymied through the service of only two railroads. Milwaukee's growth through the use of its fine port facilities likewise has been stunted because of the failure to complete the St. Lawrence seaway. The patterns of rail and water travel are more or less rigid and fixed. However, air transportation offers infinite possibilities and amazing flexibility. No rails have to be laid, no highways built, no mountains tunneled, no rivers to be bridged, no channels to be deepened. Milwaukee represents a community of more than a million persons and is entitled to the through service of a major city of the Nation. Air transportation already has bridged one barrier to New York. All Milwaukeeans ask now is the right to use the air to bridge the barriers to the South and West; the air lines are ready, willing, and able to do it with a minimum of expansion and with every likelihood of giving better service to the actual traffic and development of potential air service.

To those who might feel that Milwaukeeans are not air-minded, let me cite two instances that should put them at ease.

Toward the end of 1945, United Airlines opened a Milwaukee office on the second floor of a downtown building. There was no listing in the telephone book and not a line of newspaper or radio advertising. There was no United Airlines Service out of Milwaukee, yet in January of 1946, this office received over 800 requests for reservations even though

its prospective passengers would have to go to Chicago to board the plane. Of course, only a fraction could be filled because Milwaukee does not have the service. If these requests could have been filled the passenger-miles involved would have been more than the estimated traffic United Airlines needed for its minimum service proposed for Milwaukee. The interesting feature about these requests was that a vast majority of them were for transportation to the West where Milwaukee is now blockaded.

On January 4, 1946, American Airlines opened an office on the upper floor of a downtown building in Milwaukee. It did some advertising, but, of course, can provide service out of Chicago, not Milwaukee. Yet American Airlines also had about 800 requests for reservations that month and filled about 150. The bulk of their requests were for St. Louis and Cincinnati, Dallas, and other Southwest points and Los Angeles. None of these points are available to Milwaukee without changing air lines. This number of requests also surpassed the traffic estimated for American Airlines.

Today the CAB is to hear appeals from the recommendations made by its examiner, F. Merrit Ruhlen. I am advised that under the rules and regulations of the CAB the six air lines whose applications to service were denied by the examiner are each to be given 30 minutes for the presentation of arguments whereas the city of Milwaukee is to be granted but 20 minutes. It appears that each of the cities affected is to be granted this limited time, regardless of whether one or several air lines was involved in its service request. I am advised that the city of Milwaukee plans on having six representatives plead its case. With 20 minutes between them it does not seem likely that much of a presentation can be made by any one of them. I trust that the CAB may see fit to extend the 20 minutes to a more reasonable time in order that they may have all the facts before making a final decision. Certainly an important metropolitan area should be given proportionately more time than would a smaller community requesting but a single stop.

Under the public convenience and necessity provisions of the Civil Aeronautics Act of 1938, as amended, the CAB should not permit the air lines to repeat the mistakes made by the railroads by concentrating operations in a few great metropolitan centers. The great bottleneck in the surface transportation at Chicago should not be extended by a greater parallel bottleneck in airline service. Milwaukee today does not enjoy a direct outlet to the South or West by surface or air transportation. Its geographical position possibly makes direct communication with these points by surface lines impractical but certainly it can be effected by air. Milwaukee, the tenth most important city in the Nation in the industrial and commercial field, certainly should not be fenced in. With the important place Milwaukee holds in the industrial and commercial field, fencing her in by denying her direct contacts by air with other points of the country can serve only to reduce the



productivity and prosperity of our country. Denied adequate railroad service by its geographical position, Milwaukee only asks that the balance be redressed by full and satisfactory air service. My plea to the CAB is, please do not fence in the city of Milwaukee.

#### SPECIAL ORDER GRANTED

Mr. CHURCH. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. VURSELL] may have permission to address the House for 20 minutes on Wednesday next after disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that upon Wednesday next and also on Friday next after disposition of matters on the Speaker's desk and at the conclusion of any other special orders I may be permitted to address the House for 15 minutes on each occasion.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

#### EXTENSION OF REMARKS

Mr. O'HARA. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a speech made by the gentlewoman from Connecticut [Mrs. LUCE] on April 29, on the occasion of the anniversary of Notre Dame night. I have requested an estimate of the cost of extending this speech in the RECORD, but the printer has not been able to furnish me with it up to this time. If it exceeds the usual two pages of the RECORD, I ask unanimous consent that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

#### THE COAL SITUATION

Mr. CHURCH. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. CHURCH. Mr. Speaker, a subcommittee of the Committee on the Judiciary of the House is holding hearings, which hearings will continue tomorrow, in reference to legislation having to do with the coal situation. The subcommittee is considering a bill, H. R. 6259, introduced by the gentleman from Virginia [Mr. ROBERTSON] as well as other measures.

Mr. Speaker, before that committee Mr. Ira Mosher, chairman of the National Association of Manufacturers, today made a very excellent statement. I want to repeat the summary of his objections to the principle of royalty payments on production. They are as follows:

1. It transfers the power to tax from Congress to individuals.

2. It puts an unnecessary and unwarranted burden on the public.

3. It is a highly inflationary merry-go-round.

4. It is contrary to the public policy laid down by Congress in passing the Petrillo bill.

5. It would have the effect of a privately imposed tax.

6. It would result in such a concentration of wealth and political power as to threaten the Government itself.

7. It makes real collective bargaining impossible.

8. It invites management-union collusion that would be detrimental to the public interest.

9. It would give unions life or death power over all business.

10. It would be nothing more than special privilege accorded to one group and contrary to the public interest.

Mr. Mosher's complete statement is as follows:

STATEMENT OF IRA MOSHER, CHAIRMAN, NATIONAL ASSOCIATION OF MANUFACTURERS, BEFORE A SUBCOMMITTEE OF THE JUDICIARY COMMITTEE OF THE HOUSE OF REPRESENTATIVES, MAY 6, 1946

My name is Ira Mosher. I am chairman of the board of the National Association of Manufacturers. The NAM is composed of more than 15,000 manufacturers who produce 85 percent of the manufactured goods made in America.

Because of the coal strike a lot of these manufacturers are today shut down or have had to seriously curtail their production. Men who want to work are being laid off. Goods which need to be produced to halt inflation are not being produced. We face a creeping paralysis of our productive forces just when we need production the most. In the final analysis this paralysis is due to the lack of a national labor policy made in the public interest and based on equality and responsibility of both management and labor. Our present policy is only a makeshift patchwork, born of emergency. Now we are confronted by another emergency which even the President has been forced to recognize.

The issue in this strike is not the fundamentals of wages or hours. It is a principle; a principle so fundamental to the very existence of democracy that it seems absurd that anyone should ask Congress to protect it.

We heartily sympathize with the humanitarian objectives which have been advanced as the reason for the demands recently made by John L. Lewis. The NAM has for years been providing leadership in the promotion of industrial health and safety. It was an early champion for workmen's compensation. It was among the founders and has always been a stalwart backer of the National Safety Council. The NAM maintains an industrial health section in its industrial relations department, headed by the world-famous Dr. Victor G. Heiser. The NAM's vigorous program to promote health on the industrial front through proper feeding and safety measures is in the printed record for all to see.

No group of citizens is more conscious of the social obligation to strive for ever better health and safety measures for industrial workers than are the members of the National Association of Manufacturers.

Let me make it clear that we are not here to argue the case of either party in the current coal controversy. This strike is a disaster to our country. But a near calamity is sometimes necessary to acquaint people with the true nature of the peril which confronts them. If they are aroused and do act—through you, their Representatives—this strike will have served at least one useful purpose.

You have recognized this peril and have designed legislation to meet it. This legislation can only be interpreted as a notice

by the Congress that it does not intend to abdicate, transfer, or share its right to levy taxes on the people. The real issue here—and make no mistake about it—is the power to tax. No matter how thin you slice it, no matter how you attempt to disguise it, the real issue is the right to tax.

The power to tax is vested in the Congress by the Constitution, and only in the Congress. It even took an amendment to the Constitution to give the Government the power to levy a tax on individual incomes.

Contrast this with the effrontery of the union leaders who today demand the right to levy a tax on the people as the price that must be paid for sitting down at the collective bargaining table to obey the law of the land. They refuse even to discuss wages until they are conceded the right to tax the people. Real collective bargaining is impossible under these conditions.

These union leaders already have a stranglehold on the Nation. Their grip grows tighter and tighter. Industry after industry slows and halts. Trains stop running; food and commodities cannot be hauled. Power plants stop; the lights go out. They are bringing the Nation to its knees. And now they want to add the power to tax—a power so great that it has always been reserved exclusively for the Congress.

The time has come for the Congress to reaffirm this exclusive power to tax the people. The time has come to remove this perennial threat to the public interest. The time has come to settle this question once and for all by outlawing forever any private levy on the many for the benefit of the few.

With your permission, I would like to explore some of the ramifications of this issue; and the inevitable results of surrender to the principle that the right to tax belongs to Congress. Just how would "share-the-tax" power work out? How much would it cost the public?

A 10-cent royalty on every ton of bituminous coal mined—\$60,000,000—may not seem excessive as a price to get men back to work producing the things that people need today. But if we pay that price we should do it with our eyes open.

Let's understand that, in effect, we would be telling Congress that we approve its sharing of its taxing powers with any individual or group which sticks a big enough gun in our back. Then we should look ahead and estimate how many big guns there are and how often we'll be looking down the barrel. The public is entitled to know because the public is going to pay the bill. For this royalty is a tax on production and must be passed on to the consumer. You cannot increase the costs of production without raising prices, even with OPA economics—as the public is fast learning.

Let's go back to that ton of coal on which the miners' union wants to hang a tax of 10 cents, about 3 percent of what the producers get for it. Suppose the railroad unions demand a tonnage levy for hauling the coal. The teamsters then put their union down for 3 percent of the retail coal price. Thus, the reasonable-sounding 10 cents a ton royalty turns out to be a slice of 45 or 50 cents out of the consumers' pocketbook.

This is only a conservative estimate of what could happen on the first round. The anthracite miners and the iron-ore miners and all other miners and all other unions would have to do as well or better to stay in business. Nothing succeeds like success, and once this principle is established as a national policy, there can be no stopping. The success of any union demand automatically becomes the basis for the "gimmies" by every other union. The second round and the third round would up the ante again and again. The force of competition among unions would inevitably make their demands pyramid. Therefore, it is self-evident that what we are dealing with is a highly inflationary movement.

In the public interest it is up to the Congress to put a stop to this merry-go-round now, before it gets a better start than it has—and it has already gotten a start.

Congress, in passing the so-called Petrillo bill, recognized for the first time, and so declared, that it is contrary to the public good for a union to obtain royalty payments for the production of goods for use in broadcasting. There is nothing so novel about the broadcasting industry that the arguments set forth in that bill are less valid as they concern production of any other goods and services for public consumption.

As a mild sample of what might be expected should royalty payments or production taxes become widespread, here are some figures to think about:

Apply the minimum 3-percent demand on coal production to the \$151,000,000,000 of gross receipts from all manufacturing corporations in 1944. This would amount to more than \$4,500,000,000—or as much as all the Federal taxes collected from individuals and corporations in 1937. Keep in mind that this sum includes only manufacturing corporations. It includes none of the individually owned or partnership manufacturing concerns. Nor does it take into consideration the billions of dollars of business done by wholesalers, retailers, transportation, and the service industries all of which might be taxed similarly on a royalty basis.

It is terrifying, indeed, to explore the extremes to which this practice might go. It is obvious that it would soon become an unbearable burden on the public.

Since any kind of royalty or production tax must be passed on to the consumer, the effect would be nothing more than a sales tax. No matter how it is perfumed it would still be a sales tax. Even during the war, when employment was at its highest level and the need for revenue was greatest, the Congress did not feel that a sales tax was in the public interest. Therefore, a privately imposed sales tax, or thousands of them piled one on top of the other, going into labor-union strong boxes certainly would not serve the public interest.

It would take an act of Congress to impose a sales tax on the people. But if we allow this royalty-tax precedent to become established, we are handing this power, under the guise of collective bargaining, to a handful of individuals to burden the people of this country with tax after tax.

The financial, economic, and political power of a few union leaders, already great enough to hamstring the entire Nation, would be multiplied manifold should royalties on production be condoned. With billions of tax-free dollars pouring into union treasuries every year, a financial dynasty to rival the Federal Reserve System could be achieved. With unlimited funds for campaign purposes, a super political machine would be one of their first objectives. With no financial or economic power to match them, it is conceivable that a small group of union leaders could, within a few years, actually control the Government itself.

You don't need to look under the bed to see this handwriting on the wall.

Injection of the royalty issue at the bargaining table only emphasizes the futility of attempting to practice genuine collective bargaining under the present unequal status of the parties. In my opinion, any attempt to determine the amount and extent of royalty assessments by collective bargaining will open the door wide to the possibility of collusion between employers and labor unions. Such collusion is always at the expense of the public interest.

It is true that some manufacturers and some labor unions have gotten together and superimposed on top of other costs special payments from the manufacturer directly to the union treasury. The unfairness to the

consumer is self-evident. Again, it is a tax on the consumer—all the consumers—to enrich the union treasury. For whatever purpose the money is used, it is money taken from the general public for the benefit of a small group.

Let me summarize our objections to the principle of royalty payments on production:

1. It transfers the power to tax from Congress to individuals.

2. It puts an unnecessary and unwarranted burden on the public.

3. It is a highly inflationary merry-go-round.

4. It is contrary to the public policy laid down by Congress in passing the Petrillo bill.

5. It would have the effect of a privately imposed sales tax.

6. It would result in such a concentration of wealth and political power as to threaten the Government itself.

7. It makes real collective bargaining impossible.

8. It invites management-union collusion that would be detrimental to the public interest.

9. It would give unions life-or-death power over all business.

10. It would be nothing more than special privilege accorded to one group and contrary to the public interest.

We are heartily in agreement with the objectives of the legislation you are considering.

As I have emphasized to committees of Congress on several occasions, piecemeal emergency legislation is not the best answer to sound labor-management relations. What is needed is the adoption of a public policy which will encourage genuine collective bargaining between parties possessing equal stature in the eyes of the law. Organized labor is today accorded a preferential position under the law. Insofar as labor unions are concerned, the maxim, "Equal justice under law," has deteriorated to a point where inequalities have become commonplace.

Today, as a result of special privileges accorded labor, there is no incentive whatever for labor leadership to be anything but arbitrary. There is nothing, other than inarticulate public opinion, to restrain extreme or even lawless conduct. The employer, the natural agency to balance extreme proposals, has been stripped of any effective means of dealing with his employees when their leaders present fantastic and impossible demands.

Therefore the point as we see it now is simply this: Is Congress going to accord labor still greater privileges and permit it to levy taxes which will add a tremendous burden to the living costs of the many to benefit a favored few? We cannot believe Congress will permit any person or group of persons to so usurp the traditional functions of democratic government.

(Mr. CHURCH asked and was given permission to revise and extend his remarks in the RECORD and include the statement by Mr. Ira Mosher, chairman, National Association of Manufacturers.)

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. HINSHAW (at the request of Mr. MARTIN of Massachusetts), indefinitely, on account of official business.

#### SENATE ENROLLED BILLS SIGNED

The Speaker announced his signature to enrolled bills of the Senate of the following titles:

S. 842. An act for the relief of the Elmira Area Soaring Corp.; and

S. 2101. An act to amend the Trading With the Enemy Act, as amended, to permit shipment of relief supplies.

#### ADJOURNMENT

Mr. SPARKMAN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 26 minutes p. m.) the House adjourned until tomorrow, Tuesday, May 7, 1946, at 12 o'clock noon.

#### COMMITTEE HEARINGS

##### COMMITTEE ON THE POST OFFICE AND POST ROADS

The Committee on the Post Office and Post Roads will meet in executive session on Tuesday, May 7, 1946, at 10:30 a. m., for the consideration of H. R. 5427, H. R. 5560, and H. R. 5942, bills to fix the rate of postage on domestic air mail, and for other purposes.

##### COMMITTEE ON RIVERS AND HARBORS

Schedule for the closing days of hearings on the omnibus river and harbor authorization bill is as follows:

(Tuesday, May 7, 1946)

Big Sandy River, Tug and Levisa Forks, Va., W. Va., and Ky.

(Wednesday and Thursday, May 8 and 9, 1946)

Arkansas River, Ark. and Okla.

##### COMMITTEE ON INVALID PENSIONS

There will be a public hearing before the Committee on Invalid Pensions at 10:30 a. m. on Tuesday, May 7, 1946, in the committee hearing room, 247 Old House Office Building, on H. R. 3908, entitled, "A bill to provide increased pensions to members of the Regular Army, Navy, Marine Corps, and Coast Guard who become disabled by reason of their service therein during other than a period of war," which was introduced by Representative LESINSKI, of Michigan.

##### COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

The Committee on the Merchant Marine and Fisheries will meet in open hearings on Thursday, May 9, 1946, at 10 o'clock a. m. to consider the following bills:

H. R. 6219. A bill to authorize the Commandant of the United States Coast Guard to accept enlistments of certain individuals for duty at lifeboat stations during the year 1946.

H. R. 6263. A bill to amend the act of June 23, 1943, so as to authorize inclusion of periods of education and training in an Army Transportation Corps civilian marine school as "service in the merchant marine."

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1252. A letter from the adjutant general, Grand Army of the Republic, transmitting the journal of the proceedings of the seventy-ninth national encampment, held at Columbus, Ohio, September 30 to October 4, 1945 (H. Doc. No. 547); to the Committee on Military Affairs and ordered to be printed with illustrations.

1253. A letter from the Secretary of Commerce, transmitting the annual report of the



Foreign-Trade Zones Board for the fiscal year ended June 30, 1945, and the annual report of the city of New York covering operations of Foreign-Trade Zone No. 1, during the calendar year 1944; to the Committee on Ways and Means.

1254. A letter from the Attorney General, transmitting a report reciting the facts and pertinent provisions of law in the cases of 404 individuals whose deportation has been suspended for more than 6 months by the Commissioner of Immigration and Naturalization Service, together with a statement of the reason for such suspension; to the Committee on Immigration and Naturalization.

1255. A communication from the President of the United States, transmitting the budget for the military and departmental activities of the War Department for the fiscal year 1947, containing estimates of appropriation amounting to \$7,246,335,200 and proposed provisions affecting said estimates (H. Doc. No. 549); to the Committee on Appropriations and ordered to be printed.

1256. A communication from the President of the United States, transmitting supplemental estimates of appropriation for the fiscal year 1946 in the sum of \$98,500 for the judiciary (H. Doc. No. 552); to the Committee on Appropriations and ordered to be printed.

1257. A communication from the President of the United States, transmitting a deficiency estimate of appropriation for the fiscal year 1942 in the sum of \$408.89 and supplemental estimates of appropriation for the fiscal year 1946 in the sum of \$223,102, for the Department of Justice (H. Doc. No. 550); to the Committee on Appropriations and ordered to be printed.

1258. A communication from the President of the United States, transmitting supplemental estimates of appropriation for the fiscal year 1946 in the amount of \$34,426,000, together with a draft of a proposed provision pertaining to an estimate of appropriation for the fiscal year 1947, for the Post Office Department (H. Doc. No. 555); to the Committee on Appropriations and ordered to be printed.

1259. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1947 in the amount of \$843,000 for the Department of Commerce (H. Doc. No. 551); to the Committee on Appropriations and ordered to be printed.

1260. A communication from the President of the United States, transmitting a draft of a proposed provision relating to an existing appropriation for the fiscal year 1946, for the Office of Defense Transportation (H. Doc. No. 556); to the Committee on Appropriations and ordered to be printed.

1261. A communication from the President of the United States, transmitting a draft of a proposed provision pertaining to an appropriation for the fiscal year 1947 of the American Battle Monuments Commission (H. Doc. No. 557); to the Committee on Appropriations and ordered to be printed.

1262. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1946 in the amount of \$1,000 for the Federal Power Commission (H. Doc. No. 553); to the Committee on Appropriations and ordered to be printed.

1263. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1946 in the amount of \$2,148,800 for the Department of Labor (H. Doc. No. 554); to the Committee on Appropriations and ordered to be printed.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk

for printing and reference to the proper calendar, as follows:

Mr. McMILLAN of South Carolina: Committee on the District of Columbia. S. 1189. An act to provide for voluntary apprenticeship in the District of Columbia; without amendment (Rept. No. 1981). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN of South Carolina: Committee on the District of Columbia. H. R. 6265. A bill to create a Department of Corrections in the District of Columbia; without amendment (Rept. No. 1982). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN of South Carolina: Committee on the District of Columbia. S. 1961. An act to exempt from taxation certain property of the Disabled American Veterans in the District of Columbia; without amendment (Rept. No. 1983). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MERROW:

H. R. 6322. A bill to remove price controls with respect to meat; to the Committee on Banking and Currency.

By Mr. MCCORMACK:

H. R. 6323. A bill to amend the United States Housing Act of 1937, as amended, to provide for veterans' preference in the selection of tenants and to authorize increased cost limits where necessary to provide housing acutely needed for veterans of low income; to the Committee on Banking and Currency.

By Mr. KEFAUVER:

H. R. 6324. A bill to amend and supplement the Federal-Aid Road Act of July 11, 1916, as amended and supplemented, to provide for the design and construction of dams so that they will serve as foundations for highway bridges, to provide for the design and construction of highway bridges upon and across such dams, to authorize the granting of easements and rights-of-way in connection therewith, and for other purposes; to the Committee on Roads.

By Mr. MUNDT:

H. R. 6325. A bill to consent to the transfer of the use and occupancy of Farm Island from the city of Pierre, S. Dak., to the State of South Dakota; to the Committee on the Public Lands.

By Mr. BLOOM:

H. R. 6326. A bill to contribute to the effective maintenance of international peace and security pursuant to the objectives and principles of the United Nations, to provide for military cooperation of the American states in the light of their international undertakings, and for other purposes; to the Committee on Foreign Affairs.

By Mr. BENNET of New York:

H. J. Res. 346. Joint resolution to change the name of Boulder Dam to Herbert Hoover Dam; to the Committee on Irrigation and Reclamation.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BARTLETT:

H. R. 6327. A bill for the relief of Harry Watral; to the Committee on Claims.

H. R. 6328. A bill for the relief of Henry H. Sookkayak; to the Committee on Claims.

By Mr. BRADLEY of Pennsylvania:

H. R. 6329. A bill for the relief of Archer C. Gunter; to the Committee on Claims.

By Mr. BROWN of Georgia:

H. R. 6330. A bill for the relief of Kenelm E. Rucker; to the Committee on Claims.

By Mr. GORDON:

H. R. 6331. A bill for the relief of Ionnis Demetrios Gavalos; to the Committee on Immigration and Naturalization.

By Mr. HERTER:

H. R. 6332. A bill for the relief of Howard Samuel Warnock; to the Committee on Military Affairs.

By Mr. MILLS:

H. R. 6333. A bill for the relief of Marvin Clements; to the Committee on Claims.

By Mr. MCGEEHEE:

H. R. 6334. A bill for the relief of the estate of Carmen Aurora de la Flor, deceased; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1862. By Mr. ANDREWS of New York: Petition by citizens of Niagara County, requesting that Congress do something immediately regarding the labor situation and to curb the power of any labor leader; to the Committee on Labor.

1863. By Mr. BARRETT of Wyoming: Memorial of the twenty-eighth Legislature of the State of Wyoming, memorializing the Congress of the United States of America to enact legislation relating to public lands of said United States in Wyoming; to the Committee on the Public Lands.

1864. By Mr. HALE: Memorial of the Anderson-Mayberry Post, No. 91, American Legion, Yarmouth, Maine, favoring the passage of compulsory military training legislation for the youth of America as a means of preparedness for our Nation's future and safety; to the Committee on Military Affairs.

1865. By the SPEAKER: Petition of R. H. Soriano, president, Philippine-Michigan Club, University of Michigan, petitioning consideration of their resolution with reference to full benefits for the Filipino veteran under the GI bill of rights; to the Committee on Military Affairs.

## SENATE

TUESDAY, MAY 7, 1946

(Legislative day of Tuesday, March 5, 1946)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, Thou hast ordained that in the leadership of the nations the care of the many must ever rest upon the shoulders of the few. We beseech Thee, give understanding, humility, and charity to them who in Thy name and for the Nation's sake are entrusted here in this Chamber with the power of governance. In this troubled and uncertain day when the seamless robe of a common humanity is rent by inner strife and outward fears, teach us to be anxious for nothing but to do our best. And when day by day we have done faithfully the work Thou givest us to do, in quietness and in confidence may we leave the result to Thy unerring judgment. In the dear Redeemer's name. Amen.